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A Wireless Project That's Out of This World

By Edmund L. Andrews
New York Times Service

WASHINGTON — Two of America's wealthiest entrepreneurs in communications and computers, Craig O. McCaw and William H. Gates, on Monday announced the formation of a company to develop a global satellite communications network far more ambitious than anything contemplated before.

Indeed, the project is so big and so radically different from current satellite systems that it might be dismissed as an idle fantasy were it not for the two people behind it: Mr. McCaw, who built McCaw Cellular Communications into the largest cellular telephone company in the industry, and Mr. Gates, who turned Microsoft Corp. into the biggest software company in the world.

Even for businessmen with their records, the task is daunting. Their new company, Teledesic Corp., based in Kirkland, Washington, is proposing to build a \$9 billion system with 840 small satellites.

The network would transport information ranging from

ordinary telephone calls to high-resolution computerized medical images and two-way video conferences to and from virtually any spot on the planet.

As envisioned, the system would be able to deliver almost as many services as the new fiber-optic networks being built by many telephone companies. But it would be able to reach undeveloped and rural areas that are typically cut off from advanced communications.

"The real promise of this system is to bring access for rural and remote areas of the world to the health and education services that you can get in major urban centers," Russell Daggatt, president of Teledesic, said.

Mr. Daggatt, a telecommunications lawyer who has worked closely with McCaw Cellular, will be leading a project that has been under secret development by Mr. McCaw and Mr. Gates for three years.

In a filing with the Federal Communications Commission on Monday, the company outlined the system and requested permission to begin construction with a view to providing service by 2001.

Some industry analysts cautioned that it would be premature to dismiss the concept simply because of its extraordinary scale. Indeed, Motorola Corp. has defied many skeptics in its effort to build a \$3.3 billion satellite telephone system called Iridium that would use 66 spacecraft.

"Iridium seemed like a wild idea, too, but Motorola has been able to raise \$800 million," said Richard Shaffer, a principal at Technologic Partners, a New York firm that tracks the computer and communications industry. "It's a big idea, but Craig McCaw got where he is today because he had a big idea about cellular telephones and he pursued it when skeptics said he was going too far."

Right now, the plan is still little more than a vision. Aside from the tiny fraction that Mr. McCaw and Mr. Gates have personally contributed so far, the company has yet to raise any of the construction and launch money it will need.

The plan depends on signing up big corporate partners from around the world, which might include state-owned

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Clinton Will Send Missiles to Seoul

UN Expected to Opt for New Appeal As Crisis Grows Over Nuclear Issue

By Barry James
International Herald Tribune

President Bill Clinton said Monday that he had agreed to deploy Patriot anti-missile batteries in South Korea, and the United States announced that plans for war games on the peninsula were revived, putting new pressure on North Korea to open its suspect nuclear sites for international inspection.

Mr. Clinton, who was in Florida to promote his health plan, said that the deployment of the Patriot missiles was a "purely defensive" response to the crisis caused by the North's refusal to open all its nuclear plants to international inspection, feeding suspicions that it is building a nuclear bomb.

The United States and South Korea also said they would reconsider whether to resume preparations for the military exercises known as Team Spirit, which North Korea has condemned as a preparation for war. The exercises were suspended in the hope of coaxing the North into allowing full inspections of its nuclear plants.

The moves were designed to allow more time for a diplomatic solution, administration officials said. They said the administration wanted to show China, Japan and South Korea that it was doing everything possible to settle the dispute without a confrontation.

The Patriot missiles, for instance, will be sent to South Korea by sea, a voyage that could take 30 to 45 days. And while the administration has begun to work on a United Nations resolution to apply fresh economic penalties to North Korea, the first move will be only a warning.

North Korea, accusing the United States of strong-arm tactics and saying it had no nuclear secrets to hide, threatened to pull out of the Nuclear Nonproliferation Treaty, the 1970 accord to limit the spread of nuclear weapons.

In Vienna, the International Atomic Energy Agency on Monday referred the North's refusal to comply with the treaty to the United Nations Security Council.

Fearing a Chinese veto, the United States stopped short of pushing for economic sanctions against North Korea on Monday, and instead began a drive in the Security Council for another appeal to Pyongyang to cooperate.

The chief U.S. delegate to the United Nations, Madeleine K. Albright, said the United

States had drafted a resolution calling on North Korea to allow the inspections.

"This is not a sanctions resolution," she said. "This is one which really calls on them to return to an inspections' regime."

The threat of sanctions could be made in a second resolution if the first fails to persuade the North Koreans to cooperate, diplomats said.

The Chinese are likely to support or at least abstain in a vote on a resolution that stops short of sanctions, but they did not state their position in Monday's Security Council meeting.

North Korea's threat to pull out of the non-proliferation treaty came on the day that it was to have met in Geneva with American envoys to resolve the crisis. Washington called off the talks because of Pyongyang's refusal to fully disclose its nuclear plans.

Mr. Clinton said: "We have agreed that it is in our national interests and the interest of the people of South Korea and the security of our armed forces there to proceed with the Patriot deployment. So we will do that."

He did not disclose the dates of the deployments or the numbers of Patriot units involved. "I want to emphasize that this decision on the Patriots is purely defensive in nature," he said.

Patriot missiles were used in 1991 during the Gulf War to defend Israel and Saudi Arabia against Iraqi Scud missiles.

In South Korea, President Kim Young Sam said the missiles would be deployed around U.S. military bases and other key sites "as soon as possible," a spokesman said.

South Korea also said it would discuss resuming preparations for the Team Spirit maneuvers with the United States. The exercises were suspended March 3 on the condition that North Korea allow inspection of its nuclear sites. President Kim said he would decide whether to go ahead with the exercises at the end of this month, after returning from trips to Japan and China.

Secretary of State Warren M. Christopher, referring to the joint exercises, said in Washington: "Now that the negotiations are at an impasse, I can tell you we'll be talking to the South Koreans about reconstituting them and doing it in the very near future."

The atomic energy agency's governing board

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THREATENING — South African police near Durban taking aim at people Monday after a boy was killed by gunfire. Throughout Natal Province, 34 people were killed. Page 2.

A Worldwide Oil Hunt Leads to China's Savage Sands

By Steven Mufson and Steve Coll
Washington Post Service

BEIJING — Out beyond Outer Mongolia, a long day's drive past sheer mountain peaks, yet another day's journey across a swamp where an explorer would sink to the waist, there lies a forbidding wasteland whose name in the local Uighur tongue means "you can get in, but not out."

This is where travelers along the ancient silk route had to detour — there was no way

through. Sand dunes tower as high as 75-story buildings. Temperatures plunge below zero Fahrenheit (minus 17.8 centigrade) in winter and soar to 120 degrees in summer. It is a landscape so desolate, said Glen Cobb of Halliburton Co., a Dallas-based oil services company, "it looks like you're on the moon."

Yet lately Halliburton and scores of other foreign oil prospectors have been trekking to the Tarim Basin, as it is called. Their surveying equipment disappears in shifting sands. Bulldozed roads vanish. Still, they press on. Wang

Tao, president of the Chinese National Petroleum Corp., said, "We do not fear hardships."

Not when such riches beckon. Some oil specialists believe the Tarim Basin may hold nearly as much oil as Saudi Arabia. For 45 years, the basin has been sealed off to foreigners by a Communist Chinese government proud of its self-sufficiency and hostile to Western capitalism. Now Beijing has done an about-face, deciding that the only way to profit from Tarim's treasure is with Western technology and Western money.

China's turnaround in Tarim is part of a momentous opening of the global economy, the biggest reorganization of world economic activity since the cataclysms of World War I and World War II.

With the Cold War's demise, international capitalism, in the form of free domestic markets and open borders to trade and investment, has become the closest thing to a guiding ideology throughout the world. With its spread has come

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The Dual-Justice System Settlers Are Governed by Israeli Law, But Arabs Answer to Military Rulers

By David Hoffman
Washington Post Service

HEBRON, Israeli-Occupied West Bank — In the last few days, Rabbi Moshe Levinger and the Zemarya brothers took a trip through Israel's justice system. But they went in very different directions.

Mohammed Zemarya, 20, and his brother, Raed, 19, were accused of throwing stones at Israeli cars. When their turn came before Israel's military court in Hebron, no witnesses showed up. Their lawyer gave them two options: Accept a three-month sentence immediately, without a trial, or wait in detention for the witnesses and probably get a year in prison. They took three months.

The day before, Rabbi Levinger, 59, a pioneer of the militant Jewish settlement movement in Hebron, was charged with disobeying an order from the army about two years ago. Although he claims a biblical right to live in Hebron, he did not go to the same military courtroom as the Zemarya brothers.

Rabbi Levinger went to Jerusalem, inside Israel's pre-1967 borders. He appeared in magistrate's court under rules set by Israel's criminal code and was freed on bail the same day, with a trial date set for next month. He walked

out of the courtroom and acknowledged that he may have violated the law.

"In every democratic state, people demonstrate," he said. "Perhaps some of my demonstrations were also a little bit against the law."

The separate treatment of Rabbi Levinger and the Palestinian brothers underscores one of the most enduring legacies of Israel's quarter-century occupation of the West Bank and Gaza Strip. Since Israeli Jews began settling the rocky spine of mountains in the West Bank and the sandy dunes of Gaza after the 1967 war, Israel has created a dual system of rules, laws and procedures based on nationality: one for Arabs and one for Jews.

As Israel built 144 Jewish settlements across the territories, it also sought to protect the Jewish residents who lived there. They were put inside a legal, social and economic bubble and offered the same rights and privileges as if they had never left Tel Aviv. The Arabs were excluded from this system and were governed instead by Israel's military occupation.

When the militant Jewish settler, Dr. Baruch Goldstein, walked into the Tomb of the Patriarchs in Hebron on Feb. 25 to carry out the mass murder of Muslims at prayer, he was in many ways still shielded by this bubble. And questions raised in the aftermath of his massacre of at least 29 Palestinians have cast light on the dual system.

According to testimony given to the five-man commission under the president of the Supreme Court, Meir Shamgar, that is investigating the killings, soldiers and policemen who were guarding the Tomb of the Patriarchs were operating under the dual system.

For example, when Dr. Goldstein arrived that morning in his settlement's security jeep, he was armed, wearing an army uniform and carrying a bag with seven magazines of ammu-

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HANG SENG FALLS — A stock broker checking figures in Hong Kong, where the index plunged 5.09 percent Monday. The fall led to an Asia-wide sell-off. Page 17.

Kiosk

7 Killed on Swiss Train Hit by Crane

Dow Jones		Trib Index	
Down	30.80	Down	0.88%
3,864.85		112.38	
The Dollar		Previous Close	
DM	1.6995	1.6995	
Pound	1.4985	1.4985	
Yen	105.875	106.12	
FF	6.7605	6.761	

Sports
Tonya Harding's former husband and two other men have been indicted on racketeering charges connected with the attack on skater Nancy Kerrigan. Page 22.

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DAENIKEN, Switzerland (AP) — The crane of a work train sliced through a passing express train at window level Monday, killing seven passengers and injuring at least 15 others, the police said.

The crane apparently swung into the passenger train, cutting the top off a baggage car and forcing it off the rails, said a spokesman for the Solothurn canton police. It then cut into the next three cars, which were carrying passengers.

The accident occurred between Daeniken and Schönenwerd, near Aarau, in northern Switzerland. The train had originated in Brig and stopped in Lausanne and Biel. It was en route to Romanshorn on Lake Constance.

Regional train traffic was halted on the line, a spokesman for the Swiss Federal Railways said. Longer-distance trains on the main western corridor were rerouted, causing delays of up to an hour.

Wolf in Monk's Robes? A Lurid Tale Binds the Thais

By William Branigin
Washington Post Service

BANGKOK — In a country that has its share of Lorena Bobbitts 20 years ago, where men routinely take "minor wives" and where politicians offer prostitutes like party favors at their celebrations, it takes a pretty lively sex scandal to hold people's attention.

The case of Phra Yantra Amaro Bhikkhu has certainly done that. Two months after the charismatic Buddhist monk was first accused of various sexual transgressions and other unmonklike behavior, Thais are still avidly following a story that sounds more like a soap opera about an international jet-setter than the tale of a Buddhist preacher. And they are waiting for some answers about Phra Yantra.

Did he or didn't he father a child in Belgrade, violating his vows of celibacy? Is it true he seduced a Danish harpist and a

German disciple, had sex with a Cambodian nun on the deck of a cruise ship and courted female followers in long-distance phone calls? Or is it all a conspiracy by a gang of anti-Buddhist women called the "monk hunters"?

Is Phra Yantra a wolf in monk's clothing, as detractors allege, or are rival monks jealous of his shaven-headed good looks and large, heavily female following? Are Thai authorities engaged in a cover-up in the case? And will he or won't he be defrocked?

The episode has also raised questions about monks' relationships with women and about religious practices that some feminists describe as sexist. It has led to some unusually candid admissions from monks about how they deal with lust in a permissive society where temptations are everywhere.

In Thailand's male-dominated culture, the practice of taking mistresses, known as "minor wives," has been all but institu-

tionalized and reaches into the highest levels of society. So, too, does the practice of frequenting prostitutes.

At a celebration last year titled "Parliament Closure: The Bachelors' Style," a political party in the governing coalition gave away about 20 call girls to its members of parliament after a Chinese dinner at a Bangkok hotel. Thai newspapers reported.

Sometimes, however, men's philandering has pushed Thai women over the edge. There were numerous penis-lopping incidents here long before "Bobbitt" became a household word.

The Phra Yantra case, on the other hand, has offered aficionados a steady diet of steamy revelations and an open feud between him and his chief accuser, a rival monk, Phra

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Newsstand Prices

Andorra.....9.00 FF	Luxembourg 40 L Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Caribbean.....1.40 CFA	Qatar.....8.00 Riels
Egypt.....E.P. 5000	Saudi Arabia.....9.00 FF
France.....9.00 FF	Senegal.....960 CFA
Gabon.....960 CFA	Spain.....200 PTAS
Greece.....300 Dr.	Turkey.....T.L. 15,000
Ivory Coast.....1.120 CFA	U.A.E.....8.50 Dirh
Jordan.....J.D. 15,000	U.S. Mil. (Eur.) \$1.10
Lebanon.....U.S.\$1.50	

U.K. Stands Fast on Dilution of EU Voting Power

Compiled by Our Staff From Dispatches

BRUSSELS — European Union foreign ministers will try again Tuesday to break British and Spanish resistance to changing voting rules in an expanded EU, but Britain warned of a continuing deadlock.

The British foreign secretary, Douglas Hurd, said the meeting, the third in as many weeks, may not be decisive in resolving a battle over national veto rights when, as planned, the EU expands to 16 nations from 12 next year.

"Sometimes agreement takes longer than we hope, and this may unfortunately be true again this week," Mr. Hurd said Monday to the Institute of European Affairs in Dublin. Diplomats from other countries also were pessimistic about chances of a deal since the issue has become embroiled in British do-

mestic politics, with anti-European hard-liners in the ruling Conservative Party warning the government against backing down.

A stalemate Tuesday is expected to worsen the crisis atmosphere in the Union.

Norway, Sweden, Finland and Austria completed negotiations on membership terms earlier this month. But the 12 current members have continued bickering over whether to reduce the rights of a minority of nations to block EU decisions.

Until the issue is resolved, expansion procedures are blocked.

Britain and Spain want the level of votes needed to form a "blocking minority" to stay at the current level so the new additions will not dilute their influence.

The 10 other nations want to increase it to make decision-making less cumbersome.

Members are assigned votes in proportion to their size. Currently, 23 votes out of 76 are needed to block a proposal within meetings of EU ministers. All EU members, except Britain and Spain, want to raise the threshold to 27 votes out of 90.

Mr. Hurd insisted member states need to be sure their views would "not be steamrollered." If the blocking minority is increased, that can no longer be assured, he said.

The foreign ministers of France and Germany said Monday that they had agreed over the weekend on a joint position ahead of Tuesday's meeting. They declined to specify further.

France last week became embroiled in a diplomatic spat with Germany when its ambassador was reported to have expressed worries that Bonn was riding roughshod over

Paris's interests in pushing so hard to bring the new members into the Union. Both governments have since been at pains to insist that their relationship at the heart of the EU is as strong as ever.

If the EU talks fail Tuesday, the enlargement could be delayed beyond the target of Jan. 1, 1995.

The European Parliament has to approve the expansion, including any change in voting procedures. The Union's 518-seat assembly is backing the 10 other EU nations against Spain and Britain.

After approval by the European Parliament, the four applicant nations will hold referendums on membership and the parliaments of the current EU nations also must approve expansion. (AP, Reuters)

WORLD BRIEFS

Racism on Rise in France, Panel Says

PARIS (Reuters) — An official human rights commission voiced concern Monday that the French were becoming more racist, and it condemned tough new immigration laws as a retrograde step in efforts to safeguard basic rights.

Paul Bouchet, president of the National Consultative Commission, said that there was less racist violence in France than in neighboring countries. But he added: "What is worrying is that the racist virus is continuing to spread in people's minds. Racist statements and behavior are becoming commonplace."

Mr. Bouchet said North Africans were the main victims and that there were signs of growing racism toward people from sub-Saharan Africa. According to an opinion poll for the commission, two out of five French people concede that they are "rather" or "a little" racist. Twenty-seven percent acknowledge having made racist statements, or having a racist outlook, "often" or "sometimes."

Pakistan Shuts Consulate in Bombay

BOMBAY (Reuters) — Pakistan and India, locked in confrontation over Kashmir, blamed each other on Monday over Pakistan's closing of its consulate in Bombay, India's commercial capital.

"We consider it unfortunate," said the Indian minister of state for external affairs, Salman Khursid. "It is designed to create an atmosphere that is not conducive to talks."

The Pakistani consul-general, Shahryar Rashid, called the closing "a step backward" and said the decision was made after a leading but refused to hold Pakistan Day celebrations on March 23 on its premises. Mr. Rashid said he had searched without success for a permanent government for 19 months to find a suitable place for a permanent consulate, which has been operating from a rented office since August 1992. Asked if Pakistan would shut down the Indian consulate in Karachi, Mr. Rashid said: "We have not taken the next logical step yet."

Clash Raises 2-Day Egypt Toll to 15

ASSIUT, Egypt (Reuters) — Egyptian security forces hunting gunmen who ambushed a police vehicle in southern Egypt shot and killed six Muslim militants in a dawn raid Monday, security sources said.

Two policemen, including a senior commander, were killed in the raid, taking the death toll in violence between militants and security forces in two days to 15. The security sources said the shooting occurred near the town of Abu Tig, 345 kilometers (215 miles) south of Cairo.

They said hundreds of police swept the area after gunmen ambushed a police vehicle on Sunday in a nearby town, killing five policemen and injuring six people. Also Sunday, police found two bodies in a field in the area where the police had earlier clashed with militants.

Thatcher Faints Briefly During Talk

SANTIAGO (AP) — Former Prime Minister Margaret Thatcher of Britain fainted briefly Monday and struck her face against a microphone while delivering a speech before hundreds of Chilean businessmen. She did not fall and was not reported hurt in the incident.

Mrs. Thatcher, 68, was wearing the end of a 10-page speech at a hotel luncheon in her honor when she suddenly stopped, remaining silent for a few seconds. Her face then fell onto the microphone, and her husband, Sir Denis Thatcher, and two businessmen sitting nearby rushed to help her. She recovered quickly, however, and returned to the microphone to apologize for what had happened. She then left for her room at a Santiago hotel, where she was reported resting a couple of hours after the incident. Earlier, she met with President Eduardo Frei.

U.S. Sweetens the Pot for Ukraine

MOSCOW (APF) — The United States is adding \$50 million to a \$135 million allocation for Ukraine's program to get rid of nuclear weapons, visiting Defense Secretary William J. Perry said here Monday. Interfax news agency reported.

Mr. Perry signed an agreement with his Ukrainian counterpart, Vitali Redetski, for the added funds, saying cooperation between the two sides had great strategic importance. Interfax said, Mr. Perry is expected to sign further aid agreements totaling \$100 million during his stay. In Washington at the start of the month, President Leonid M. Kravchuk won pledges almost doubling American aid this year to \$700 million.

Under an agreement with Russia and the United States signed in January, Ukraine is to scrap its entire nuclear arsenal, the third largest in the world, sending the warheads to Russia to be dismantled.

For the Record

Gunmen killed two people in an Algerian newspaper office and wounded three on Monday. More than a dozen journalists have been killed in recent months by Islamic militants. The attack on Hebdo Liberte, a weekly, was the first on the offices of a publication. Security forces said three men armed with automatic rifles carried it out. (AP)

An Avianco airlines DC-9 broke its front landing gear as it hit the runway in heavy fog Monday and skidded 600 meters on its belly in Vigo, Spain. At least 12 of the 110 passengers suffered minor injuries, authorities in the northwestern city said. (AP)

A Sicilian hijacker claiming to have a grenade held 160 people hostage aboard a plane at Rome's Fiumicino airport for three hours Monday before giving up, officials said. Giuseppe Cizio, 67, took over the DC-9 belonging to the Italian airline Meridiana. He is from Trapani in western Sicily and has a criminal record and psychological problems, the police said. (APF)

TRAVEL UPDATE

Tourists Find Britain a Better Value

LONDON (Reuters) — Foreign tourists found Britain's public transport, shopping and restaurants a better value last year than they did the year before, a British Tourist Authority survey said Monday.

It said 55 percent of overseas visitors thought London's public transport system was good value in 1993 compared with 50 percent in 1992. The pound's value declined by about a fifth against most foreign currencies in September 1992.

At least 47 percent thought shopping was good value, up from 35 percent the year before, and 42 percent considered British restaurants and cafes well-priced, compared with 28 percent in 1992. Approval rates for London hotel charges were still low, but rose from 12 to 17 percent. Last year a record 19.3 million overseas visitors spent £9.1 billion (\$13.6 billion) in Britain.

The restored Michelangelo ceiling of the Sistine Chapel at the Vatican was opened to the public in 1989 after more than two decades of study and work. Since then his other great Sistine Chapel fresco, "The Last Judgment," has been concealed behind a high scaffold. Now, at an Easter week Mass to be celebrated by the Pope, it, too, will reappear. (NYT)

Areas of the world considered the most dangerous for air travel have been listed by the International Airline Passengers Association. They are China, South Korea and India; all countries in Central Africa; all republics of the former Soviet Union; and South America, specifically flights through the Andes, and trips to or within Colombia. The organization said flights in those regions should be avoided, except with the large U.S. airlines and major foreign carriers. (NYT)

KLM Royal Dutch Airlines cut fares to South Africa and Jordan on Monday in what a KLM spokesman said was a response to similar reductions by South African Airways. The new round-trip fare from Amsterdam to Johannesburg and Cape Town is 1,780 guilders (\$932) and to Jordan, 1,175 guilders. (AP)

Recreational dives may be allowed at the site of the Civil War ironclad Monitor off the North Carolina coast. The National Oceanic and Atmospheric Administration said it had decided to look for a company to manage dives at the Monitor National Marine Sanctuary. The wreck of the ship was found in 1973 at a depth of 230 feet. (AP)

Kremlin Will Probe Rumors of Coup Plot

By Fred Hiatt
Washington Post Service

MOSCOW — Russia's top law enforcement officer said Monday that he would investigate the coup rumors now swirling through political Moscow and, if they are unfounded, might sue for libel the newspaper that published them.

An unsigned but extremely detailed scenario for a palace coup was published Friday in the Obshchaya Gazeta and has since been widely discussed on television and in the halls of parliament.

Alexei Ilyushenko, recently appointed acting prosecutor-general by President Boris N. Yeltsin, said he would use his own officers as well as the Interior Ministry and the Federal Counterintelligence Service to investigate the report, his spokesman said.

Few here believe that the scenario, which names several Yeltsin supporters among the supposed culprits, is exactly what it purports to be. But that has not stopped Moscow politicians, jittery after having weathered two coup attempts in less than three years, from speculating on who might benefit from circulating such a document — and who might be plotting for power.

Reformers said Mr. Yeltsin's hard-line opponents were behind the rumors about Mr. Yeltsin's ill-health or political peril, because they allegedly hope to destabilize society. The hard-liners in turn accused reformers of preparing a coup in revenge for their loss in last December's parliamentary elections.

The jitters were energized when Mr. Yeltsin left town last week for a two-week vacation in Sochi, in the relatively warm southern region of Russia. The rumor meter spiked again when Defense Minister Pavel S. Grachev delayed a trip out of town last week.

And the rumor meter spiked even higher Monday when Prime Minister Viktor S. Chernomyrdin revised his schedule at the last minute to fly to Sochi, where officials said he and Mr. Yeltsin conferred on a range of issues.

If political Moscow was feverish, many Russian voters this weekend showed themselves increasingly apathetic and disillusioned with democratic politics as a means to improve their situation. In dozens of local districts across the country, elections to city or regional councils failed to attract the necessary 25 percent of voters to become valid.

The local elections had been scheduled last fall, after Mr. Yeltsin urged the dissolution of Communist-era "soviets," or councils, across Russia to pave the way for a new democratic era. But in St. Petersburg on Monday, Mayor Anatoli A. Sobchak had to order the polls to stay open an extra day after only 21 percent of voters turned out Sunday. He said the city could not afford to reschedule the election, but could not live without local legislative bodies.

In dozens of other cities, turnout also fell short in many voting districts. The head of Archangel'sk region called the local election there "a total failure."



PAN-EUROPEAN NUCLEAR PROTEST — Policemen battling protesters in Brokdorf, Germany, who were trying Monday to block a convoy of trucks carrying nuclear waste materials from a German reactor to the reprocessing plant in Sellafield, England.

U.S. to Focus More on Ex-Soviet Republics

By Steven Greenhouse
New York Times Service

WASHINGTON — Stung by months of criticism that it has unduly favored Russia, the Clinton administration has altered its policies, adopting a tougher tone toward Russia and focusing more on other former Soviet republics.

Although the administration seems too proud to admit that any new approach was needed, there is an unmistakable change in tone toward a newly nationalist Russia and far more emphasis on bolstering the security and economies of the other republics.

The recent visits here by the presidents of Ukraine, Georgia and Kazakhstan have demonstrated this new focus and appear, at least in part, to be a response to the many criticisms from Congress and foreign policy experts that the administration has maintained a Russia-first policy.

"The administration is reeling from the criticisms of its Russia policy," said Morton L. Abramowitz, director of the Carnegie Endowment for International Peace. "I think we're seeing a certain amount of rethinking and repositioning."

Evidence of that can be seen in President Bill Clinton's decision to double economic aid to Ukraine and Kazakhstan and his call for an international peacekeeping force to help end Georgia's civil war — a move that is widely seen as an effort to check Russia's muscle-flexing beyond its borders.

Officials say their stepped-up efforts to help the economies of Ukraine and other non-Russian republics are another way to ensure their continued independence.

"We feel economic security is inextricably related to political and military security," Deputy Secretary of State Strobe Talbott said in an interview. "If these countries undergo a pro-

found and protracted economic crisis, it will undermine their viability as states. Ukraine is a particularly vivid example of that."

Reluctant to give an inch to critics who have attacked their policy, Mr. Talbott and other administration officials deny that the visits of the leaders presage a change.

But at the same time, the administration is proud to point out that it is spending more money and more time on the 14 non-Russian republics.

Officials are also happy to note that while

Russia received more than half the aid to the former Soviet Union over the last two years, next year more than half will go to other republics.

After the surprising surge of nationalist forces in Russia's elections in December, Moscow's foreign policy statements have grown more shrill, and in response Washington has shown a new toughness.

While there is plenty of talk about the need for Russian cooperation to bring peace in the Middle East and Bosnia, the administration's warnings about Russia's nationalist ambitions are more frequent and firmer than before.

In a speech last week, Defense Secretary William J. Perry said the United States must help Russia consolidate its transition to democracy, but cautioned that "it is possible that Russia will emerge from the turbulence as an authoritarian, militaristic, imperialistic nation hostile to the West."

Mr. Perry's recommendation — one that should please those who say the administration has pampered Russia — was that Pentagon must keep up its defenses. He is traveling this week in Russia, Kazakhstan, Ukraine and Belarus.

NEWS ANALYSIS

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When President Leonid M. Kravchuk of Ukraine visited two weeks ago, Mr. Clinton emphasized U.S. support for the "territorial integrity" of Ukraine at a time when Russian nationalists are claiming that Crimea belongs to them and not Ukraine.

Perhaps because they do not want to offend their friend, President Boris N. Yeltsin of Russia, or perhaps because they do not want to acknowledge that there may be a need for any midcourse corrections in policy, administration officials are reluctant to discuss their approach in terms of a tougher stance.

Mr. Talbott said the administration had always stressed maintaining the territorial integrity of the former republics. Nonetheless, many foreign policy experts say the administration's frequent recent assertions of that view regarding Ukraine, Georgia and the Baltic republics signal such a change in the face of increased Russian nationalism.

"They're moving in the right direction, but I'm not going to start applauding the administration yet," said Senator Mitch McConnell, Republican of Kentucky, the senior Republican on the Senate Appropriations subcommittee on foreign operations.

He has threatened to vote against new Russian aid because he says the administration has improperly favored Moscow. "I'm still not convinced we've seen a real change in policy," he said.

The way Mr. Talbott explained it, the administration has naturally paid more attention to Russia than to other republics because it is the biggest republic and because the others would be greatly affected if Russia's democratization and economic reforms fail.

He described the warmer relations with Ukraine and Kazakhstan as a response to their decisions to eliminate nuclear weapons and get serious about economic reforms.

Touvier Plays Down Oath to Fight Jews

The Associated Press

VERSAILLES, France — Paul Touvier, the Nazi collaborator charged with crimes against humanity, admitted Monday that he had taken an oath to combat "Jewish leprosy," but he denied that he was anti-Semitic.

Testifying for the first time in his trial, Mr. Touvier said he was shocked by the anti-Jewish rhetoric of his comrades in a militia that collaborated with the Gestapo in German-occupied France.

Mr. Touvier, 78, is charged with arranging the executions of seven Jewish hostages near Lyon in June 1944 while serving as the militia's intelligence chief.

The head of the three-judge panel, Henri Boulard, led Mr. Touvier through his life story.

"I never considered myself anti-Semitic," Mr. Touvier said. "I am a practicing Catholic."

He denied knowing anything of German massacres of French civilians after D-day, or of roundups of Jews in 1942.

"I wasn't aware, out at all," he said. "There was no television and we only listened a little to the radio. It was censored. We didn't know anything about roundups or deportations."

Judge Boulard read documents giving the ideology of the pro-Nazi militia in which Mr. Touvier served, including a vow to combat "Jewish leprosy" and promote "French purity."

Mr. Touvier was asked if he took this oath.

"Yes," he replied, "but in a group. It shocked me. I didn't see anything anti-Semitic in that. They're just words. The author didn't intend to have a mean tone."

Mr. Touvier also said he was "very shocked" when the chief of the Vichy regime's militia, Joseph Darnand, swore allegiance to Germany.

According to the charges, Mr. Touvier handed over the seven Jewish hostages following the death of Philippe Henriot, propaganda minister of the Vichy regime that governed occupied France.

The hostages were taken to a village cemetery, lined up against a wall and shot.

Mr. Touvier worked closely with a local Gestapo chief, Klaus Barbie, who died in a French prison after being convicted of crimes against humanity in 1987.

After the war, Mr. Touvier was protected and financially supported by elements of the Roman Catholic Church. At the behest of church officials, President Georges Pompidou pardoned Mr. Touvier in 1971.

He surfaced briefly after the pardon, but went underground again when outraged Resistance groups and Jewish survivors came forward with evidence to bring new charges. He was arrested in 1989 at a priory in Nice.

4 ANC Officials Are Among 34 Killed in Natal

Reuters

DURBAN, South Africa — At least 34 people, including four African National Congress officials, were killed in Natal Province during the weekend, the police and the ANC said Monday.

The police said gunmen shot and killed four ANC officials at Ndeleni black township, near Richmond in the Natal Midlands on Sunday afternoon.

Nearly 15,000 people have died in political violence in the past four years of apartheid reform, at least half of them in Natal, which is the power base of the Inkatha Freedom Party leader, Chief Mangosuthu Buthelezi, who is refusing to take part in South Africa's first all-race elections in April.

Meanwhile, a fire that prisoners demanding the vote in the upcoming elections apparently set in their own cell killed 21 inmates, officials said Monday. A prison spokesman said the fire, at Queenstown, in Eastern Cape, was part of a mass action by the South African Prisoners' Organization for Human Rights to secure the vote for prisoners in April 25-28 polls.

Kurd Supporter Slain in Nicosia

The Associated Press

NICOSIA — A prominent campaigner for Kurdish independence in eastern Turkey was shot and killed outside his home here, the police said Monday.

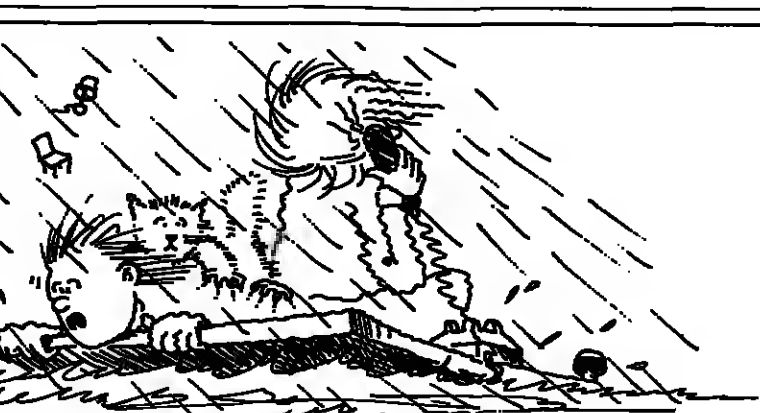
Theophilos Georgiades, 37, a member of the Greek Cypriot Kurdish Solidarity Committee, was slain Sunday night, the police announced.

Witnesses reported seeing a motorcycle with two people on it flee the scene, the police said. No arrests were reported.

A Cyprus government spokesman blamed Turkish secret services for the slaying.

Mr. Georgiades worked for the government's Press Information Office and specialized in Turkish and Kurdish affairs.

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Chile	00-0516	Germany	0150-002	Mexico	85-800-674-7000	Switzerland	155-000-000
Colombia	980-16-0001	Greece	00-800-121	Netherlands	06-022-91-22	Turkey	99-300-1177
Cyprus	080-90000	Hungary	00-800-0141	Norway	050-12912	UAE	800-111
Czech Rep	00-42-00012	India	000-127	Peru	001-190	United Kingdom	0800-88-0222
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THE AMERICAS / AND IN ANOTHER CAPITAL

POLITICAL NOTES

Clinton Testy on Whitewater

DEERFIELD BEACH, Florida — President Bill Clinton reacted angrily Monday to questions about the Whitewater affair, telling reporters that it was "a bunch of bull" and that they should leave the investigating to the prosecutors handling the case.

"My faith that the truth will win out has been sorely tested in the last few weeks, but it's still there," the president said. "Why don't you guys just let the special counsel do his job?"

Mr. Clinton was referring to Robert W. Fiske Jr., the federal counsel investigating 1980s business dealings of the Clintons and their ties to a failed savings and loan bank.

A former Arkansas municipal court judge, David Hale, has said that Mr. Clinton, then the governor, pressured him to make a loan that indirectly would have helped Whitewater Development Co., the now-defunct real estate venture at the center of the investigation.

The White House has denied that Mr. Clinton pressured Mr. Hale, and officials have suggested Mr. Hale was bargaining with prosecutors to try to save himself.

Court papers revealed Monday that Mr. Hale has agreed to plead guilty to fraud charges and would be sentenced Tuesday. (Reuters)

Abortion Bill Loses Impetus

WASHINGTON — Once promoted by abortion rights advocates as a legislative priority, a bill in Congress that would ban most state restrictions on abortion is virtually dead, according to proponents of the measure.

While some abortion rights activists hope to revive the Freedom of Choice Act in a future congressional session, they acknowledge that their movement is now focused on ensuring that the health package Congress passes includes pregnancy-related services.

"For all intents and purposes, it is dead because we've gone on to more pressing priorities," Pamela J. Maraldo, president of the Planned Parenthood Federation of America, said of the Freedom of

Choice Act. "As a practical matter, when pro-choice groups meet, we don't even discuss it."

Proponents have argued that the Freedom of Choice Act would codify Roe v. Wade, the 1973 Supreme Court ruling that legalized abortions, and prevent states from further chipping away at a woman's right to terminate her pregnancy. Ms. Maraldo and others say that with a supportive administration and prospects of a friendlier Supreme Court, abortion rights advocates are concentrating less on protecting a woman's right to an abortion and more on expanding access to reproductive health services.

Abortion opponents have argued that the Freedom of Choice Act would wipe out popular state laws, such as waiting periods and parental notification requirements, that regulate abortion within the boundaries of the Roe decision. (WP)

President Pans Health Foes

DEERFIELD BEACH, Florida — President Bill Clinton on Monday accused right-wing Republicans of guiding the special interests who oppose his health reform plan.

"The opponents of our plan are trying to confuse the issue by making it seem complicated," Mr. Clinton said. "They ignore the fact that the system we have today is the most complicated on the face of the earth."

The president insisted that the principles of his sweeping plan were simple and that they would guarantee private health insurance to every American, outlaw insurance abuses, preserve and extend Medicare benefits for older Americans and offer more people a choice of health coverage.

"What are the special interests saying?" he asked. "Led by the extreme right of the Republican Party, they are warning of a grim future." (Reuters)

Quote/Unquote

Robert O. Boorstin, a White House adviser, on polls that suggest people are confused about the Clinton health plan: "People really like the president's health care plan, but they don't know what's in the plan." (AP)



The Clintons arriving in Miami to promote their health plan.

Arkansas Can't Figure It Out Just When Its Image Had Started to Shine

By Peter Applebome

New York Times Service

LITTLE ROCK, Arkansas — Just as Arkansas basked in the reflected glory of Bill Clinton's election as president 16 months ago, it is stewing and reeling to the same degree today because of the unfolding story of Whitewater and the travails of some of Mr. Clinton's home-grown appointees.

Whether in terms of lives shattered or turned upside down, or of the state's image and reputation, events in Washington are turning this capital city into an aggrieved, edgy mirror image of the giddy place that savored the spotlight during Mr. Clinton's campaign and election.

Many people here contend that much of the news reporting of Whitewater reflects a lack of understanding of the politics and manners of a small state with a tiny cadre of major players who all know each other, if only because there are so few of them.

Whatever the case, the joy and hope that saw tens of thousands of people from this southern state stream into Little Rock for Mr. Clinton's victory celebration on Nov. 4, 1992, and then saw dozens of Arkansasians head triumphantly off to big-time jobs in Washington, has been replaced by a far more somber mood.

"It's gone from a feeling of excitement and optimism to a feeling of bewilderment, amazement and consternation," said Jeff Rosenzweig, a local lawyer.

In the last few months, the Clintons have faced unrelenting scrutiny

over their finances. Last July, Vincent W. Foster Jr., the deputy White House counsel who was not only Hillary Rodham Clinton's law partner but also one of the most admired lawyers in Little Rock, killed himself.

Last week, Webster L. Hubbell, the No. 3 person at the Justice Department who had been a mayor of Little Rock and a state Supreme Court justice, resigned to deal with accusations that he overbilled the Rose Law Firm where he, Mrs. Clinton and Mr. Foster were partners.

"Some of what's happened has been beyond belief, and people are getting hesitant to comment publicly because no one knows what to expect next," Mr. Rosenzweig said.

No state in recent memory has had as much of its soul invested in a presidency as Arkansas has. Partly, that is a reflection of Mr. Clinton's 12 years as governor, which left him with personal relationships with virtually everyone of importance and many ordinary citizens. And partly, it reflects the hope that Mr. Clinton's election would erase the old Dogpatch stereotypes of a state that George Bush derided in the presidential campaign as "the lowest of the low."

Unlike Karl Marx's axiom that history repeats itself, occurring initially as tragedy, the second time as farce, Little Rock seems to be doing the reverse.

Instead of the youthful army of campaign staff members and off-beat political celebrities like James Carville, there is now a permanent

presence of grim-faced lawyers working with Robert B. Fiske Jr., the special prosecutor appointed to look into the Clintons' investment in the Ozark mountain real estate development known as the Whitewater Development Co.

Reporters, once welcomed for putting Little Rock on the map, are now viewed as buzzards inexplicably picking at ancient financial transactions.

Instead of the barroom gossip of who was going to get what job, there are dark rumors about who may be the next to come home.

"It's horrible, it's horrible," said one leading businessman, who would only speak anonymously. "Every time I think we've hit a low point from which we might begin to rebound, it gets worse. And I think there will be more. You've got East Coast people coming with a preconceived notion that they won't let go of. It's this century's version of carpetbagging."



White House Political Strategists See California Statehouse as a Must

By R.W. Apple Jr.

New York Times Service

SACRAMENTO, California — The most important electoral battle of 1994, they say with metronomic regularity at the White House, is the contest for the governorship of California.

"From President Clinton's point of view," agreed Boh Mulholland of the California Democratic Party, "it's even more important than keeping control of the Senate. If we

shoot ourselves in the foot and lose this race — and we well may — the Republicans could have 54 electoral votes in their hands."

That judgment, which is shared by many here, rests upon the conviction that Governor Pete Wilson, a Republican, has a solid chance to defy the odds, win re-election this fall and set himself up for a 1996 presidential bid.

For all its recent economic travails and natural disasters, this vast state has the kind of raw political

power few have wielded in the long history of the republic.

It is the first state ever with more than 50 House seats. It has grown so much faster during the last three decades than the big states of the East and Midwest that it can now deliver, by itself, one-fifth of the electoral votes needed for victory.

Winning California "is like hitting a \$15 million lottery," says Stuart Spencer, a veteran Republican strategist. "None of the rest is worth more than \$2 or \$3 million."

The presidential calendar has just been changed in a way that gives the state even more political leverage. Instead of voting in June, when the race is usually all but settled, Californians will now vote in a presidential primary in March, when it is usually not.

And the Republicans, who will presumably have the more interesting primary contest two years from now, intend to keep their winner-take-all rule, which guarantees the victor a huge block of delegates.

Mr. Wilson has mounted an impressive comeback after a disastrous start marked by tax increases and fumbles on important issues, including homosexual rights.

His most likely challenger, state treasurer Kathleen Brown, has raised a \$5 million war chest but has failed, so far, to project a clear picture of herself. She is still known mainly as the daughter of one former governor of California and the sister of another.

Mr. Clinton has taken California more seriously as a political base than any modern Democratic president, traveling here nine times since he took office, sending top aides when he could not come himself and funneling as much money

into the state as possible, given the straitened condition of the federal purse.

He won the state with only 46 percent of the vote in 1992, and the 21 percent that went to Ross Perot may well be up for grabs by the major parties in 1996.

Mr. Clinton's task is complicated by the state's anxieties, born of floods, fires and earthquakes, riots and bank failures and hate closings. Californians have become a cluster of Cassandras, fretting in the sunshine.

While other local industries are flourishing, including biotech, entertainment and computer software, and while reconstruction ef-

forts have given the Los Angeles economy a temporary post-earthquake lift, California has been devastated by base closings and the shrinkage in military procurement.

The total job loss has been variously estimated at 500,000 to 800,000, and some economists have suggested that 100,000 more may go before the state finally joins the national upturn.

What has helped the president most, politicians of both parties agree, has been his prompt assurances of help and his personal visit after the earthquake in January.

Statewide, according to the Field poll, more than two-thirds of voters say Mr. Clinton responded well to

that crisis, though 57 percent described his response to the state's overall problems as either poor or only fair.

"Clinton is in far better shape here in 1994 than Bush was in 1992, even with all the base closings," said the pollster, Mervin Field. "People give him credit for trying."

Still, Tom Epstein, the White House official who spends full time worrying about California, acknowledges that "we have only a limited capacity to fix things out there, and if the Southern California economy doesn't come back strong in the next two years, then all the good deeds in the world aren't very likely to save us."

Away From Politics

● The Supreme Court allowed the seizure by the government of more than \$10 million that allegedly represented drug proceeds laundered through various bank accounts by the Cali, Colombia, drug ring, which sends more than three tons of cocaine a month to the United States.

● The Supreme Court has asked the Justice Department for the government's view on whether a company's requirement that employees speak only English at work violates the federal civil rights law. A San Francisco company with 33 employees, 31 of whom are bilingual in Spanish, adopted the

policy after complaints that racist comments had been made about the two non-Spanish-speaking workers, a black and an Asiatic.

● The killer of two women in 1969, who was paroled last year despite the efforts of his victims' relatives, is back behind bars in Eugene, Oregon, accused of sexually abusing a 4-year-old girl. Judge Loren L. Sawyer, who had sentenced him, said of Russell Obrenski, 49: "From what I know of him, there was no indication that he was a pedophile."

● Konrad Kalejs, 80, an accused officer in a Nazi execution squad in Latvia during World War II, lost a Supreme Court appeal challenging his deportation from the United States to Australia. (Reuters, AP)

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Teaching Hospitals Make Their Point

President, Heeding Doctors, Promises Increased Funding

By Adam Clymer

New York Times Service

WASHINGTON — Heeding complaints from several major medical schools and teaching hospitals that their precarious financial futures would become worse under the proposed health care overhaul, President Bill Clinton has agreed to support revisions that would provide more money for them.

At a meeting last week in Boston, Mr. Clinton also pleased representatives from academic health centers by promising a slower pace of change.

Doctors who were present said they were impressed with his understanding of the predicament they face: that they are already losing patients to other institutions that can offer lower prices because they do not have the extra costs of teaching and research, and that those losses threaten the future of medical education.

More federal money would allow them to cut their rates and compete for business, they said.

Politics was clearly an element, too. Seeking expert witnesses who can help persuade the public that his plan would mean better health care for the nation, the president urged the doctors to voice their support.

No deal has been struck. In fact, few doctors or administrators in the academic world, except those who met with Mr. Clinton, are aware of the president's position and the backing it has in crucial Senate committees.

But Mr. Clinton got the first installment on the support he sought when the meeting ended and Dr. Mitchell Rabkin, head of Boston's Beth Israel Hospital and the group's spokesman, said: "The consensus is: The president's bill is a winner."

Since Mr. Clinton's health plan was first proposed last September, the academic institutions had complained that provisions intended to correct academic medicine's difficulties were inadequate. They also said his goal of producing more

primary care physicians and fewer specialists was too rigid.

The medical leaders have two principal spokesmen in the Senate, and Mr. Clinton has met with both and made his point clear. In Boston, he met not only with the doctors but also with Edward M. Kennedy, the Massachusetts Democrat who heads the Senate Labor and Human Resources Committee. In Washington on Thursday, he met with Daniel Patrick Moynihan of New York, chairman of the Senate Finance Committee.

Their panels are handling health legislation in the Senate. The chairmen said that their committees, regardless of whatever else was in their health care bills, would write legislation to protect the future of medical research, medical schools and teaching hospitals.

"We are in the great age of discovery in medical science, and it is taking place here in the United States," Senator Moynihan said. "That's a responsibility to mankind, not just our own citizens, and we'll do it."

There is no precise dollar commitment yet. But Dr. Philip R. Lee, assistant secretary for health in the Department of Health and Human Services, said he expected the administration to support more than the \$9.8 billion a year that Mr. Clinton first offered for academic institutions.

Without predicting what that amount would finally be, Dr. Lee cited arguments presented by Dr. Michael Johns, dean of the medical school at Johns Hopkins University in Baltimore, who has said that an additional \$9 billion a year would be needed to keep the academic centers "on a level playing field."

In simple terms, the problem faced by the academic centers is that teaching new doctors and conducting research is an expensive and inefficient way to run a hospital, which forces the institutions to charge high rates.

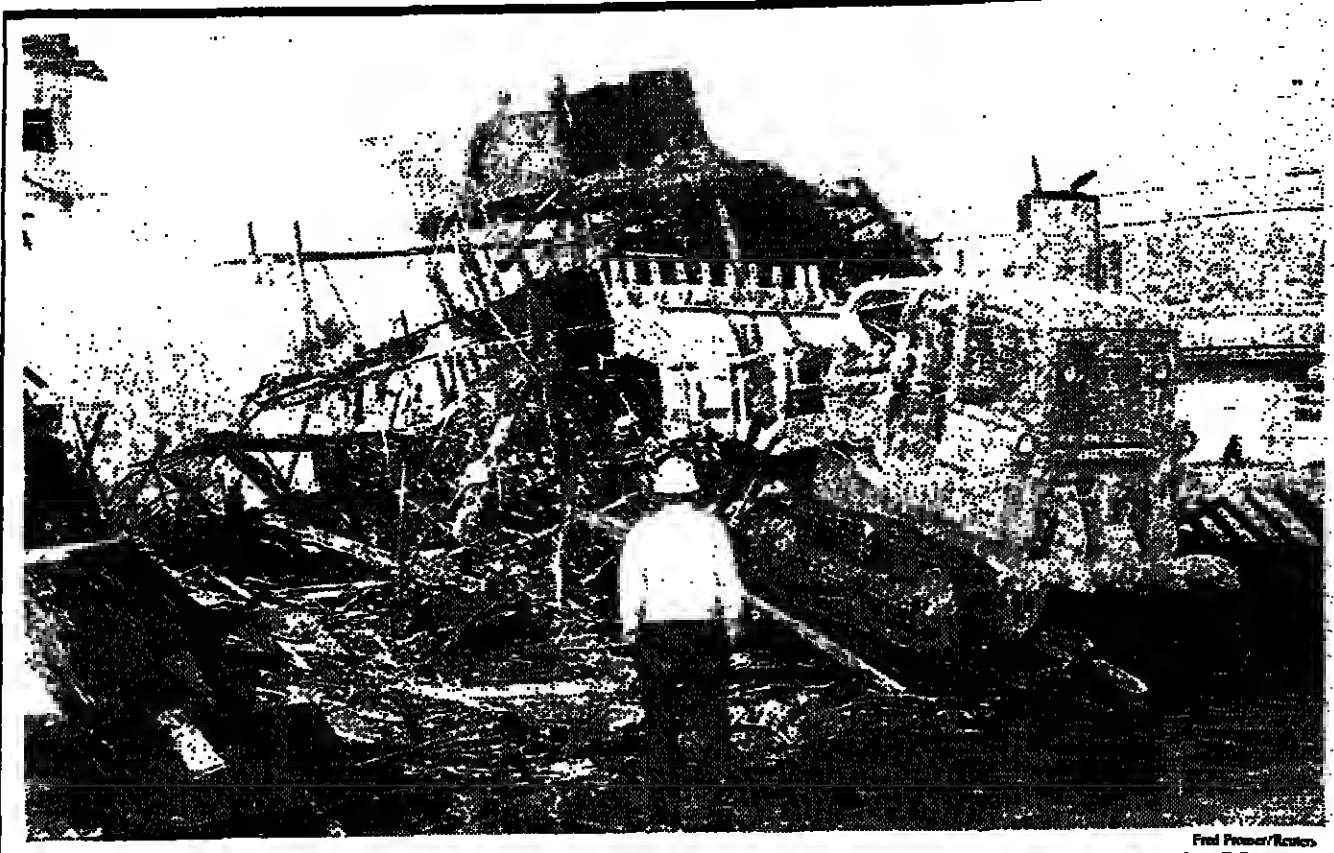
As pressure has grown nationally to hold down medical costs, insurance companies have placed limits on what they will pay, driving patients away from the academic centers.

Leaders of academic centers argue that the federal government should recognize their importance to the nation both as training grounds for doctors and as the institutions best able to deal with the rarest and most difficult medical conditions.

U.K. Promises Refugee Aid

Reuters

LONDON — Britain on Monday pledged to provide \$3.35 million in aid to Armenia, Azerbaijan and Georgia to help more than 1.25 million refugees.



A 5.3-POINT REPLAY — A bulldozer leveling rubble Monday in Van Nuys, California, after an earthquake registering 5.3 on the Richter scale hit the Los Angeles area. The aftershock to the Jan. 17 quake set several fires and cracked freeways, but highways and schools were open Monday. Two people were hurt, and rehearsals for the Academy Awards ceremony were briefly interrupted.

Capital Blues: Red Ink, White Knuckles

By Karen De Witt

New York Times Service

WASHINGTON — This city has huge financial problems that it may be forced to borrow money from the federal government to pay its bills, officials say. Such a move would be a blow to efforts by the District of Columbia to win more independence from Congress.

"The situation is that they have really had unbalanced budgets for the last several years," said Philip M. Dearborn, a financial research director of the U.S. Advisory Commission on Intergovernmental Relations. "They've used up all their cash and are in a very difficult cash situation now."

Already, the district gets about one-fifth of its \$3.4 billion budget from the government; the rest is supposed to come from taxes and fees.

To avoid a bailout, which many politicians here would see as undermining the district's

efforts to gain more control over its own affairs, Mayor Sharon Pratt Kelly has proposed postponing a required payment of \$230 million to the city's pension fund this year. That would allow the district to end the year with \$75 million, but it would also face challenges in the courts and in Congress and seemed unlikely to succeed.

Cutting spending enough to find the pension money is virtually impossible, officials say.

The District of Columbia, though governed by a mayor and a 13-member City Council, is a unique entity whose political decisions, including its budget, can be vetoed by Congress. The district does not have the power that the states and some cities do to raise money, but it still must provide the kind of services that states do — welfare, Medicaid, prisons and courts.

The district is also prohibited by Congress from taxing commuters to recoup the cost of public services used by suburban residents who

work in the city. Moreover, half the real estate in the district is exempt from taxation because it is used by the government, embassies or nonprofit institutions.

The city has faced financial problems since it won limited political independence in 1974. During Mayor Marion S. Barry's 12 years in office, the city borrowed \$150 million to \$300 million a year from private lenders. Mayor Kelly eliminated that practice with a \$336 million bond sale in 1991, at the end of her first year in office. That erased the city's accumulated deficit and put the district in its best financial condition since limited home rule began, experts say.

But over the last three years, the city's budget has been balanced only through a series of accounting maneuvers. Now the mayor's office projects that if nothing is done the city's annual deficit will increase to almost \$800 million by the year 2000.

Rightist Falls Just Short of Victory in El Salvador

Reuters

SAN SALVADOR — The governing rightist ARENA party led El Salvador's elections Monday, but its presidential candidate was short of the 50 percent of votes needed for a first-round victory, official results showed.

With 63.25 percent of votes counted, the candidate of the Na-

tionalist Republican Alliance, or ARENA, Armando Calderón Sol, had 49.62 percent of the vote.

His archrival Ruben Zamora, whose leftist coalition is headed by former guerrillas of the Farabundo Martí National Liberation Front, had 26.67 percent, the Supreme Electoral Tribunal said. The Christian Democrat candidate, Fidel

Chavez Meza trailed with 14.97 percent. A runoff is to be held within a month.

Mr. Calderón Sol had claimed outright victory late Sunday when early returns showed him with more than 50 percent of the vote. But his share slipped steadily overnight as results came in from rural areas where the Farabundo Martí

National Liberation Front had most of its support throughout a civil war.

The elections were seen as the culmination of El Salvador's democratic transition after United Nations peace accords ended the war in 1992, but leaders of the opposition have claimed widespread electoral irregularities.

BOOKS

THE HISTORY OF THE GINGER MAN

By J. P. Donleavy. 517 pages. \$32.50. Houghton Mifflin.

Reviewed by Robert Day

THE reader gets three books for the price of one in J. P. Donleavy's "The History of the Ginger Man." Tales of literary Dublin after World War II are intertwined with a loopy autobiography of Donleavy (called "Mike" by his friends) that is in turn bracketed by an impassioned account of the publishing of Donleavy's celebrated first novel, "The Ginger Man." The last story is worth the candle; the other two: maybe.

The original "Ginger Man" published by Maurice Girodias in 1955 in his Olympia Press Traveler's Companion series, featured Sebastian Dangerfield, an American law student studying at Dublin's Trinity College. Sebastian was something of a braver and a hedonist. He's the character who a reviewer in the Toronto Globe and Mail said gave "moral turpitude a new lease on life." Like his character, Donleavy was an expatriate; it was not until 1967 that he became an Irish citizen.

The problem with telling the tale of literary Dublin after World War II is that there was no there there. Beckett had left for Paris; Yeats and Synge and Shaw were all dead. Dublin circa 1946 is not Nabokov's

WHAT THEY'RE READING

• The Reverend Jesse Jackson is reading "The Rape of a Privileged Class" by Ellis Cose.
"This is must reading for anyone who wants to understand the feelings of African Americans today."
(Ilse Gersten, IHT)



that moving the pen (or carriage or cursor) across the page (or screen) from left to right a couple of hundred times a day is not the fodder for stimulating description. As Orwell has taught us, it is what authority say that makes for good literary biography.

It is what writers think that makes them interesting: Nabokov in "Invitation to a Beheading" daydreaming about the color of words; Hemingway in "A Moveable Feast" contemplating the nature of rich women; Edith Wharton in "A Backward Glance" considering a writer's duty to society.

"The History of the Ginger Man" — at least until we get to legal wrangles over the allegedly offensive novel — doesn't seem to have much of the author's mind at work. Maybe it is a case of modesty. Modesty is not a virtue in literary autobiography, and the result for "The History of the Ginger Man" is that the minor characters are more interesting than the major ones — Girodias, for example, who published the unrepentant "Ginger Man" in Paris in 1955 (that version didn't make it to the United States until 1965).

The book's best story is the legal battle between Donleavy and Girodias over the publishing rights to "The Ginger Man," with one highlight being what Donleavy considered the initial betrayal of including the novel among the press's pornographic titles. "I had to do it to make money," the publisher explained. "And of course, like anybody I like being rich."

The charm of "The History of the Ginger Man" lies in those scenes that glow in your mind: Donleavy walking through London's Fulham neighborhood pounding the cover of his just-published novel and saying: "If it's the last thing I ever do, I will write this book." Or Girodias signing his letters to Donleavy "Toodles oo." Or Donleavy writing on the wrapper in which he sent the manuscript of "The Ginger Man" to Paris: "Manuscript literature, sans valeur commerciale" (literary manuscript with no commercial value). In these moments the book springs to life with as much vigor as did Sebastian Dangerfield nearly 40 years ago.

Robert Day, the author of "The Last Catch Drive" and "Speaking French in Kansas," wrote this for The Washington Post.

CHESS

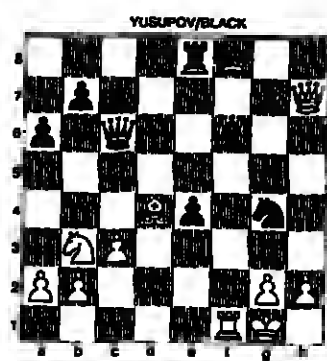
By Robert Byrne

VISWANATHAN ANAND faced Arjun Yusupov in the International Chess Federation elimination matches. In Game 5, Anand's victory featured a new idea in a sharp variation.

That there is no rhyme or reason to the naming of chess openings is shown by the Siesta Variation. Far from sleepy, its key move, 5...f5, is the introduction to a tricky gambit.

Most players avoid that kind of trouble by continuing to develop with 7...O-O, as Anand did. But after 7...Bd3 8 Re1 Be7, it does not pay for White to become greedy with 9 Re3? 10 Nc1 because 10...Bg5 11 Nc3 Bc2 12 Nc4 Bc1 13 Kf2 Qb4 14 Kgl Nc6 15 Qf1 Nc4 16 Qf4 Rf8 17 Qg3 Rf1! 18 Kf1 Nc2 19 Qh2 20 Resigns was the outcome of a Michel Adams-Jeroen Fiket game in Wijk-aan-Zee in 1991.

After 9 Bc2 Bc2 10 Qc2 Nf6 11 d4 O-O, the previously accepted line, 12 de3 13 Ne5 de4 14 Nd2 (14 Re5? Ne4 15 Re2 Bc5 16 Be3 Qb4 17 h3 Ne3 18 Re2 wins for Black) yields White little. But Anand produced the inspiration of closing the center and establishing a grip on the light squares with 12 d5! The pawn was immune be-



Position after 24...Qc6

cause 12...Nd5? 13 Qb3 costs Black a piece.

Rather than retreat with 12...Nb8 and let Anand assure himself of a slight superiority with 13 Ng5 Qc8 14 c4 Nbd7 15 Ne6 Re8 16 Nc3 Nf8 18 Nf8 Bf8 19 Be3, Yusupov chose the aggressive 12...e4 13 Ng5 Ne5 14 Ne6 Qd7. He was undoubtedly hoping for 15 Nf8 Qg4! 16 Nd2 Nf3 17 Nf3 e18 g3 Qb5 followed by mate.

But Anand cut down Yusupov's attacking chances with 15 Nd2!, one move being that 15...Nd3 would be defeated by 16 Re4! Ne4

17 Ne4 Ne1 18 Nf8 Rf8 19 Re1. Also, 15...Nd5 16 Nf8 Rf8 17 Ne4 Qg4 18 Ng3 leaves Black the exchange down for nothing.

The result of 15...e4 16 Re3 Nd5 17 Nf8 Ne3 18 Qb7 Kf8 19 fe was to put Anand a pawn ahead. Moreover, after 19...Re8 20 e4 d5 21 Nb3! de 22 Be3!, threatening 23 Rf1 Bf6 24 Rf6! g7 25 Bh6, the Indian showed that he could switch powerfully to attack.

Anand's 24 Bc4 threatened 25 Bf6 Nf6 26 Rf6; there was no use defending by 26...Kf7 because 27 h3 Ne5 28 Ne5 Qd5 29 Ne4 would speed the white attack. Yusupov, having less than a minute on his clock and lacking a defense anyway, blundered with 24...Qc6 and was struck by 25 Be5! Since 25...Kf7 drops the knight to 26 Qh5, Yusupov gave up.

RUY LOPEZ		White		Black	
1	d4	1	d5	1	d5
2	Nf3	2	Nf3	2	Nf3
3	Bb1	3	Bb1	3	Bb1
4	e4	4	e4	4	e4
5	e5	5	e5	5	e5
6	O-O	6	O-O	6	O-O
7	O-O	7	O-O	7	O-O
8	Re1	8	Re1	8	Re1
9	Re1	9	Re1	9	Re1
10	Qc2	10	Qc2	10	Qc2
11	Qc2	11	Qc2	11	Qc2
12	Qc2	12	Qc2	12	Qc2

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مكتبة الأصيل

Cambodia Japan Backs China on Rights

Builds on Western Ideas Have Limits, Hosokawa Told Li

Fresh Troops Sent To Captured Base

Compiled by Our Staff From Dispatches

KON DAMREI, Cambodia —

The Cambodian Army poured reinforcements into the former Khmer Rouge headquarters of Pailin on Monday, and a government commander said the back of the guerrilla resistance had largely been broken for now.

"I think the Khmer Rouge have just tried to escape wherever they can, but they don't know where to go," said General Pol Sareum, deputy chief of the general staff.

A Thai military spokesman said in Bangkok that 25,000 Cambodians had sought refuge in Thailand to escape the fighting around Pailin, and that they would be allowed to stay on humanitarian grounds until the situation returned to normal.

Thai military officers said those fleeing into Chantaburi Province included Thais who had been logging or mining for gems in the Pailin area under contracts that provide large revenues for the Khmer Rouge.

But the refugees also included families of Khmer Rouge soldiers. It was the first significant refugee exodus into Thailand since the United Nations finished repatriating 360,000 Cambodians in April 1993.

A Reuters correspondent on the Thai side of the border estimated that hundreds of unarmed Khmer Rouge guerrillas were among the refugees.

A Cambodian government officer said the town of Pailin, which the government says it occupied on Saturday, was still coming under harassing fire from guerrillas in surrounding hills.

A helicopter due to take the Cambodian chief of staff, General Ke Kim Yon, to the town had to land about four kilometers away, the officer said.

Pailin is about 355 kilometers (220 miles) northwest of Phnom Penh and 12 kilometers from the Thai border.

General Sareum said the guerrillas had split up into small groups to carry out ambushes and harassing actions. He estimated Khmer Rouge casualties at more than 100 killed, compared with government casualties of 7 killed and 22 wounded in the operation.

"It's not been easy," he said at his tent headquarters 24 kilometers from Pailin. "We've gone through many difficulties."

But the general said he doubted the guerrillas could launch a successful counterattack as they did after the government overran their northern base of Anlong Veng last month.

"We've captured ammunition stockpiles and they have split up," he said. (Reuters, AP)

MONK: Thailand Scandal

Continued from Page 1

Phayom Kallayano, Phra Yantra, 43, aroused controversy initially for traveling abroad with large entourages of devotees, some of them women, staying in hotels instead of Buddhist temples and possessing two credit cards. He also often walks on pieces of white cloth, which followers lay on the ground for him to step on to bring them good luck, a practice that some Buddhists believe leads to an undue emphasis on the individual rather than on religious teachings.

Some Buddhists have been jarred by published photos of Phra Yantra wearing Mongolian clothing during a visit to Mongolia and sitting on the back of a cow in Thailand. Buddhist monks must not wear anything but their saffron robes, especially not clothing made of fur or animal skin, and are forbidden to ride on animals.

But the most serious charges are that he violated his vow of celibacy with at least four women, including a Thai who allegedly bore him a daughter in Belgrade six years ago. Phra Yantra, who has been a monk for 20 years, denies the charges.

A Cambodian-born Buddhist nun, who is now a U.S. citizen, has said that Phra Yantra seduced her on the deck of a Scandinavian cruise ship last year after telling her that they had been married in a previous life. A German female devotee has written that he made improper sexual advances, and a Danish harpist who performed for him at a monastery in Copenhagen has said that they twice had sex in her van.

Three investigative committees, including one from the Education Ministry's Religious Affairs Department, have ruled that there is insufficient evidence of sexual misconduct.

Last month, as the controversy intensified, Phra Yantra checked into a hospital after apparently suffering a stroke that temporarily paralyzed his left side. He left the hospital March 10 to convalesce at a Buddhist temple.

Since then, other monks have spoken publicly about the previously taboo subject of sexual urges. Some complained of being influenced constantly by prurient influences in Thailand's increasingly materialistic society.

"If we lower our eyes, we cannot see the cluttered way," a young monk said. "If we look up, there it is — the advertisement for women's underpants."

Compiled by Our Staff From Dispatches

TOKYO — In a slap at Washington's policy on China, Prime Minister Morihiro Hosokawa of Japan said Monday that he had told his Chinese counterpart, Li Peng, that the Western concept of human rights should not be blindly applied to all nations.

"I told him that it is not proper to force a Western- or European-type democracy onto others," Mr. Hosokawa said while flying back to Tokyo via Shanghai after his three-day trip to China.

"I made the same statement when I met President Clinton last November," Mr. Hosokawa said.

His remarks were made at a banquet given by Mr. Li on Saturday. Japanese Foreign Ministry officials traveling with Mr. Hosokawa had not made his statement public to reporters in Beijing. They had only said the Japanese prime minister urged Beijing to improve its human rights record.

Japan is locked in a difficult diplomatic situation: It wants to strengthen ties with China, the world's fastest growing economy, while facing a bitter trade dispute with the United States.

A spokesman at the Chinese Foreign Ministry said Mr. Hosokawa had said at the banquet that he fully understood Mr. Li's position on human rights, and lauded Mr. Li for China's active role in a world

conference on human rights last year.

Mr. Hosokawa explained to journalists accompanying him on the flight back to Tokyo on Monday that he did not intend to rebuff recent efforts of the United States to pressure China to improve its human rights record. But his remark was an implicit rejection of the U.S. policy of linking China's human rights policies to giving it favorable trade privileges.

The latest remarks by the Japanese prime minister could set off a fresh dispute with Washington and deteriorate already worsening relations with the United States. A meeting between Mr. Hosokawa and Mr. Clinton broke down last month after Japan rejected a U.S. demand for commercial targets to measure market-access improvement in such areas as insurance, medical equipment procurement and telecommunications.

Secretary of State Warren M. Christopher, in Tokyo earlier this month before going on to Beijing, asked Mr. Hosokawa to cooperate with Washington in pressing China to better its human rights record.

Mr. Christopher later warned China's leaders that they stood to lose their preferential trade status if they did not show progress on human rights.

Chinese police rounded up more than a dozen dissidents before and

during Mr. Christopher's visit, and told him Beijing would never bow to foreign pressure.

On Sunday, Mr. Christopher said he remained optimistic that China would meet Washington's demands for improvements in human rights and avoid the loss of favorable trade benefits. He held out prospects that the United States might separate its human rights and trade policies in the future.

"I still have high hopes they are going to be doing enough so we can find them in compliance" and renew the trading status, he said, noting two months remained before a decision was needed.

Chinese leaders have vehemently opposed linking the two, claiming that their human rights standards are an internal matter and that Asian nations have a different concept of rights than the United States and Europe.

In Honolulu on Sunday, a top Chinese official welcomed signs that the United States might compromise in its dispute with China over human rights and said Beijing was willing to discuss the issue as long as it was not linked to trade.

The Chinese government has made it very clear that we are willing to discuss the issue with other countries," Finance Minister Liu Zhongli said. (Reuters, AP)



A Chinese dissident, Gao Hongmin, showing his protest leaflets on Monday in Beijing. He was arrested in the street a while later.

Tiananmen Police Seize Leafleteers

Compiled by Our Staff From Dispatches

BEIJING — At least two women tried to distribute leaflets in Tiananmen Square on Monday before dozens of policemen rushed to subdue them and seized at least one foreign journalist's film, witnesses said.

In a separate incident, a man was detained outside one of Beijing's special residential compounds for foreigners after showing reporters leaflets supporting democracy that he said he planned to throw in the square.

The witnesses in Tiananmen Square said they saw leaflets being thrown into a crowd in the square, site of the 1989 student-led demonstrations for democracy, which were brutally crushed by the army.

The police immediately scrambled to gather all the pieces of paper and to deal with the leaflet throwers, the witnesses said. There was no indication what the leaflets said.

The Foreign Ministry, in effect, denied that the police had taken the pamphleteers into custody, saying, "Two Chinese women were stopped by other citizens for disturbing public order."

Plainclothesmen wrestled a camera from Manuel Ceneta, a photographer for Agence France-Presse, and returned it only after exposing the film. The police also hindered a cameraman from a Canadian television network.

The reporters were covering a meeting of the national legislature, which is at the Great Hall of the People on the west side of the square.

Later Monday, a government employee named Gao Hongmin visited the office of a Western television network to show them copies of a leaflet he said he wanted to distribute in Tiananmen.

The leaflet called for a fully free-market economy, gradual steps toward democracy and a reversal of the official verdict on the protests for democracy in 1989.

Mr. Gao, 44, said he was working alone and had no connection with the morning leaflet attempts. He was grabbed by security agents upon leaving the guarded compound and thrust into a car, witnesses said.

The police in recent weeks have detained and interrogated a number of dissidents.

In addition to a tiny democracy movement, Beijing also has a number of people who have expressed anger at the current visit of Prime Minister Morihiro Hosokawa of Japan because of Tokyo's war record in China.

A Shanghai-based dissident, Bao Ge, who is fighting for compensation from Japan for wartime atrocities, was detained by the police as Mr. Hosokawa arrived in the city, a family member said. (Reuters, AP)

KOREA: Crisis Deepens

Continued from Page 1

expressed "grave concern" over North Korea's refusal to allow inspectors into a nuclear complex in Yongbyon. As a result of the refusal, the agency "remains unable to verify that there has been no diversion of nuclear material," it said.

In referring the matter to the Security Council, the agency did not recommend any specific action. The 15-nation Council is empowered to impose sanctions, but UN sources said the Council might give North Korea one more chance to resolve the dispute through diplomatic channels before moving ahead on trade sanctions, the sternest measure the United Nations can take short of military force.

Mr. Christopher said that Washington would push for a UN resolution against Pyongyang and that ultimately it was "preparing for trade sanctions."

He predicted that China, North Korea's main ally, would go along with such action for its own security reasons, and would not use its veto power to block a sanctions resolution.

China "has indicated in the past it would be very undesirable to have a nuclear capability on the Korean Peninsula," Mr. Christopher said.

But China abstained from voting on the decision by the atomic inspection agency, a UN body, to refer the matter to the Security Council.

North Korea said in a statement that U.S. actions, including the cancellation of the scheduled Geneva meeting, were pushing the country toward withdrawing from the nonproliferation treaty. But Mr. Christopher said the United States had proceeded in a "patient and deliberate way" to make North Korea open up suspect facilities.

He said the Clinton administration would continue to proceed "very deliberately" while taking into account concerns that sanctions could create added tension on the peninsula. Some strategists in Washington fear that pushing North Korea's largely isolated leaders into a corner could goad them into an attack on the South.

"I'm not trying to ratchet up the tension," said Mr. Clinton, who added that the North Koreans could still avoid sanctions by cooperating with the international community. The president said that he held out "some hope" that North Korea would allow full inspection of its nuclear plants.

Mr. Christopher said that there were no immediate plans to augment the 37,000 American troops in South Korea, but that "we'll be looking at that situation day in and day out."

Threats From the North

David E. Sanger of The New York Times reported earlier from Tokyo: Hours before the International Atomic Energy Agency took action, North Korea said Monday that it would no longer allow inspections of its nuclear sites.

In an angry, six-page denunciation of the Clinton administration and the atomic energy agency, issued by North Korea's Foreign Ministry, the Communist government in Pyongyang charged that "the United States committed a perfidious act" that "may bring the Korean nation back to the phase of confrontation and war."

If the North carried through on its threat and left the Nuclear Non-proliferation Treaty, it would mark a significant setback for the Clinton administration. Ever since the North threatened a year ago to become the first signatory to renounce the treaty — a step that would leave it free to produce nuclear weapons — the United States has engaged in an enormously complex effort to use economic and diplomatic incentives to keep North Korea within the treaty. But it has insisted that the North open up to inspections.

Until a little more than a week ago, when the North refused to allow inspectors to take radioactive samples from critical parts of the facility, it appeared that the effort was making significant progress.

TWO GIANTS.



These days the Welsh Dragon is a real high flyer since two international giants of the aero engineering industry chose Wales. British Airways has its new engineering base at Cardiff Airport and recently General Electric (USA) has moved to nearby Nantgarw, where they service aircraft engines for famous names like CFMI, Rolls Royce and Pratt & Whitney.

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but also the right people from Wales' skilled and flexible workforce.

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ONE DRAGON.



THE WELSH ADVANTAGE.

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Toward Nuclear Security

Amid all the talk about renewed rivalry, Russia last week took two welcome steps toward nuclear cooperation with the United States. It shut down the three nuclear reactors that were still producing plutonium for nuclear arms. And it agreed to mutual monitoring of nuclear storage sites where both countries will store plutonium extracted from dismantled warheads. These moves will help reduce and secure the volume of fissionable material in circulation — thereby limiting the chance that other countries with nuclear ambitions can get their hands on that material.

The next useful step is for the two nations to speed deactivation of nuclear forces scheduled to be dismantled under two strategic arms treaties.

It makes sense for Moscow to shut down its plutonium-producing reactors; Russia has more weapons-grade nuclear material than it needs or can safely keep track of.

Russia thus joins the United States, China, Britain and France in halting production of weapons-grade plutonium and uranium. A global ban is possible if Pakistan, India and Israel follow.

Mutual monitoring of nuclear storage sites also sets a useful precedent. The United States and Russia have long accepted procedures for observing each other's missile and bomber deployments and tests. But never have they al-

lowed mutual monitoring of storage sites, helping to secure nuclear material against theft.

They now need to agree on proposals to monitor the dismantling of warheads and to measure the material extracted. Under new procedures devised by the Pentagon, dismantling could take place without revealing warhead designs. The plutonium cores would be put in special containers that would permit the amount of plutonium to be measured without examining the cores.

There are other ways in which the two countries could extend the spirit of cooperation. Moscow and Washington have begun to re-target their missiles so they are not aimed at each other, in effect taking them off hair-trigger alert. That step, however, is too easy to reverse. To further reduce the risk of nuclear accident, they could deactivate all missiles scheduled for dismantling — removing the warheads and storing them separately.

That is already being done for missiles covered by the first Strategic Arms Reduction Treaty but not for those under START-2. While they are at it, Washington and Moscow could do more to broaden military cooperation beyond nuclear matters. This summer's joint peacekeeping exercises in Russia's Volga military district, another first, provide a useful start.

— THE NEW YORK TIMES

Backward in East Europe

Two months before national elections, Hungary's right-center government has sacked 200 radio and television journalists, allegedly for budgetary reasons. It is no accident, to use a locution often heard in Communist times, that those dismissed included Hungary's most popular and independent broadcasters.

Though the post-Marxist regime pretends to denounce the old autocratic ways, its moves against the press are indistinguishable in principle from those under communism. Heading the list of those dismissed are the presidents of Hungarian Television and Hungarian Radio, who were appointed in 1990 with the agreement of all major parties to put the state-owned system under an autonomous corporation, along the lines of Britain's BBC.

New guidelines were instituted to assure independence, vastly annoying the government, which assumed it would get the same favored treatment as its Communist predecessors. In the words of an internationalist government official, Istvan Csukcs: "If these media are the most important power factor, it is justified for the winners of the first free election to gain possession of them." That is the common assumption of all leaders who wish to permanently wield the whip of power.

The Hungarian government was deeply annoyed by live coverage of a Budapest taxi strike, and by the refusal to give a sitting prime

minister exclusive air time before municipal elections. So budgets for broadcasters were savagely slashed, and then Mr. Csukcs trumpeted the charge that many offending journalists were "not Hungarian," a code phrase for Jews in a country where fascism flourished between the world wars.

This was finally followed by mass dismissals. With variations in detail, similar assaults on independent journalism, especially broadcast journalism, are now commonplace in former Communist countries.

Hundreds of broadcasters were sacked in Belgrade after elections in early 1993. In Slovakia, former Communists and their nationalist allies cut budgets and forced the resignation of independent broadcast journalists, whose offense, as the minister of culture puts it, was to give "too much space to the opposition."

Fortunately, these attempts to stifle debate and limit accountability are the focus for impassioned arguments in new democracies.

About 30,000 people joined demonstrations last week in Budapest to protest the purge of broadcasters. A newspaper poll shows that most Hungarians believe the dismissals were inspired by politics and not the result of belittling. Concern is justified. When journalists are fired, silenced and forced into exile, it is the first big backward step to tyranny.

— THE NEW YORK TIMES

Let Aristide Strike a Deal

Conditions in Haiti are clearly growing worse. Soldiers have now undertaken another wave of terror intended to stamp out support for the exiled president, Jean-Bertrand Aristide. Dozens of mutilated bodies have been found in the streets in recent weeks. Meanwhile, other countries, in an effort to force the soldiers out of power, have been applying economic sanctions that so far have most hurt the people they are intended to help: Haiti's poor and disenfranchised. Food prices are soaring, the country's rudimentary transportation system has collapsed, and there are widespread reports of malnutrition and even starvation.

Some of Haiti's friends in the United States want to respond to the latest murders with broader and tighter sanctions. But if sanctions work, they will work only slowly, at an unacceptable cost to the health and lives of innocent Haitians, particularly children.

Another idea is to send in troops from the United States or other foreign countries to restore Mr. Aristide, as the country's elected president, to his office. But if foreign troops brought Mr. Aristide home, they would have to remain for a long time to prevent the military rebels from throwing him out again. It is hard to think that a long foreign occupation would be good for democracy in Haiti.

If neither harsher sanctions nor an invasion seems promising, what might work? The U.S. administration says the political alignment inside Haiti may be shifting. Appalled by the bloodshed and the deterioration of the economy, Haitians who are not supporters of Mr. Aristide are said to be ready to enter into an alliance with him and isolate the military commanders responsible for the mayhem.

It is far from certain that this strategy would work. But it may never even be tried. Mr. Aristide is mistrustful of this kind of compromise with his adversaries and suspects it is intended to reduce him to the status of a figurehead. He points out that a similar deal collapsed last year, when the military commanders refused to clear out on schedule. Since the United States and the United Nations organized that deal, he argues, it is up to them to think of another way to return him to Haiti.

That logic, unfortunately, does not lead anywhere. He is the president of the country, and if he does not begin to construct the kind of compromises that can create a coalition capable of government, no one else can do it for him. Amid great suffering, Haiti is waiting for a new political initiative. It can come best from its elected president.

— THE WASHINGTON POST

Other Comment

Tap the 'Apartheid Dividend'

Another event that took place in Bophuthatswana a few days after the battle with white extremists went largely ignored by the media but also has important implications. Nelson Mandela went to Mmabatho, the homeland's capital, and received a hero's welcome. Among those cheering were the numerous civil servants of the former homeland who could support Mr. Mandela because they had been assured they would keep their positions and their pensions.

To make a dent in inequalities in housing, medicine, education and infrastructure inherited from white rule, the new government should fire thousands of these civil servants. Eliminating the duplication would be a critical part of the "apartheid dividend" needed to address the

social backlog. But the ANC agreed to protect civil-servant jobs and pensions as part of the price of having to negotiate for power.

Having to keep on so many agents of the old regime will be an enormous financial burden at precisely the time when every last rand will be needed to address social problems. Indeed, the irony that the Africans and whites who worked for and supported President Lucas Mangope until the end will be among the most prosperous in Mmabatho for a long time to come, while those who helped overthrow him will remain poor, will be a permanent source of anxiety for the new government.

— Jeffrey Herbst, an assistant professor of politics and international affairs at Princeton's Woodrow Wilson School, writing in the Los Angeles Times.

In It Together for South Africa

By Anthony Lewis

PRETORIA — There has never been anything exactly like it: an advanced industrial country transforming itself, in deliberate steps, from rule by an elite racial minority to a mass democracy.

That is the extraordinary process now taking place in South Africa, pointing to an election April 27-28 in which the black majority will be able to vote for the first time.

The process produces daily won-

Mandela and de Klerk are political opponents, but both are intent on getting to the election next month, and they will not let differences over the past or the present distract them.

ders and ironies, none more symbolic than the scene in a lofty round chamber of the main government building here the other evening.

Judge Richard Goldstone, chairman of a commission investigating the sources of South Africa's political violence, unveiled an emergency report. In measured lawyer's language it alleged a conspiracy by high police officials "aimed at the destabilization of South Africa."

The report said that the deputy commissioner of the South African police and other career officers secretly supplied a large volume of weapons — AK-47s, mortars, grenades — to the Inkatha Freedom Party, which is boycotting the election. It said they trained killers and ordered murders, including the slaughter of commuters on trains.

President Frederik de Klerk, sitting next to Judge Goldstone, said that he had put the officers mentioned on immediate leave while a new international prosecutorial team looked into the matter further. A reporter asked whether they would be arrested.

"We cannot just arrest a person because his name is mentioned," Mr. de Klerk said. "We have a civilized legal system."

A civilized legal system: in a country where 95,000 people have been detained without trial since 1963, when Mr. de Klerk's National Party introduced the idea of such detentions. Most were detained without any evidence of crime, for political reasons. A large number were held in solitary confinement for months or years. Some, like Steve Biko, were killed. Mr. de Klerk's answer might, then, have elicited cries of outrage. But Nelson Mandela, leader of the African National Congress, made no complaint about the president's handling of the Goldstone report.

Nor did he say "I told you so," even though he had long charged that a "third force" led by police officials was stirring up violence.

Mr. Mandela and Mr. de Klerk, though political opponents, are united in one fundamental respect in this transitional period. They are intent on getting to April 27 and the election, and they will not let recriminations about the past or disagreements about the present distract them from that goal.

In fact, they are already working together on big questions as if Mr. de Klerk were part of a coalition under Mr. Mandela — as is likely after April 27. Judge Goldstone consulted Mr. Mandela as often as he did Mr. de Klerk during the investigation and preparation of his latest report.

The most dramatic evidence of partnership was the decision to intervene in mythically independent Bophuthatswana when violence erupted there March 10 and 11, and to install officials to run it instead of President Lucas Mangope. That decision was taken by the Transitional Executive Council set up to oversee the government until the election.

Many expected the council to be a facade. In fact it is functioning. One reason is that it includes the two men who successfully negotiated the new constitution, Cyril Ramaphosa of the ANC and Roelf Meyer of the National Party, who became friends in the process.

In a sense, perhaps, that strange scene when Judge Goldstone pub-



By GRAFF in Johannesburg (Inset: C&W Synchro)

lished his report reflected the new South Africa struggling to emerge from the old. For the hope is that from here on South Africa will have a civilized legal system, with a new constitutional court enforcing a detailed bill of rights and police obeying the law.

And after all, President de Klerk's appointment and support of Judge Goldstone represent a commitment to that kind of future.

But first the country has to get past April 27. And there the big hurdle is the man whose Inkatha Party got all those weapons from the alleged police conspirators: Chief Mangosuthu Buthezi of KwaZulu. Chief Buthezi is doing his best to sabotage the election and prevent its taking place. The reason is simple: If he takes part in an election, he knows he will do badly.

The New York Times

Asia: Economic Growth and a U.S. Role Don't Guarantee Peace

By Paul Dibb

CANBERRA — Asia is in vogue these days, with pundits East and West proclaiming the dawn of a peaceful Pacific century. Secretary of State Warren Christopher says there has not been a better time for peace in the region in this century.

Such optimism is based on two assumptions. First, that Asia's rapid economic growth and increasing economic interdependence will reduce the reasons for, and raise the costs of, armed conflict. Second, that America will continue to play a key security role in the region, thus maintaining the current balance of power.

But Asia is a region where there are still serious ideological, territorial and religious disputes, historical animosities and the clash of cultures. It is also the world's fastest growing arms market. Defense spending in the region, which is set to outstrip that of Western Europe by the year 2000, exceeds \$100 billion a year.

Growing concerns over Pyongyang's nuclear ambitions are just one sign of the spread of nuclear weapons and ballistic missile technology evident in China, India and Pakistan, as well as in North Korea. There are clear signs that several Asian countries are covertly developing chemical and biological weapons or the capacity to make them. Advanced conventional weapons are increasingly being introduced throughout the region.

As the constraints imposed by the Cold War are released and new tensions emerge, a period of change and uncertainty is likely in Asia. And as countries enlarge their military stockpiles,

collective security arrangements are in flux.

Bilateral alliances created in the Cold War are changing. There is new interest in multilateralism. The military buildup is occurring just when alliances are becoming less predictable. There is potential for great change in the regional balance of power as the strategic roles of the United States, China, Japan and India evolve.

In these uncertain circumstances, the interests of the middle powers in the region — including Australia and members of the Association of South East Asian Nations — are likely to be best served by the preservation of an equilibrium between the large powers. The smaller players would feel threatened if any single country appeared set to dominate the region. Their own security and freedom of maneuver is best guaranteed by a system in which the large powers balance each other.

For most countries in Asia, the United States is the key to maintaining a favorable balance of power. It is important to continue to engage U.S. military interest in the Asia-Pacific region. But there is a general view that, following the collapse of the Soviet Union, U.S. security interests in Asia have lessened. Thus the middle powers must do more for their own defense.

America will continue to have important strategic interests in Asia but they will be focused on North Asia — on the Korean Peninsula, China, Japan and Taiwan. Even so, there are doubts

about the strength of America's commitment to this part of the world in the longer term.

China is an ambitious power and its strategic influence will grow over the next decade as its economic strength gives it the means to become a more powerful actor in the Asian security equation. Beijing is the one power with the potential to contend with the United States for regional leadership in the 21st century. Already it has the ability to project military forces superior to those that Southeast Asian nations could deploy to the South China Sea, where there are serious territorial disputes.

Economic nationalists argue that China will never actually use its military forces abroad because it has too much to lose given its increasing dependence on world trade. But when its senior leader, Deng Xiaoping, dies, China will undergo a major political transition that could produce instability at home and more aggressive policies abroad.

The other Asian great powers, Japan and India, do not give cause for such concern. Militarily, they are likely to remain essentially regional powers. And Russia, preoccupied by serious domestic problems, will have few interests in Asia for some years.

Rapid economic growth in Asia will cause changes in political power. If the region can continue for the next 20 years to outgrow the rest of the world, as it has done for the past 20 years, it will account for more output than North America and the European Union combined. By early next century, the Chinese econ-

omy may be larger than that of the United States. Such developments eventually would produce a new correlation of power in Asia and substantially different military possibilities.

As Asia becomes a tougher economic competitor, rivalry and a desire for advantage over others will grow apace. Amid such strategic uncertainties, it is far from clear that Asia will evolve peacefully. Strong historical enmities and rising economic power could well produce a dangerous level of tension.

Imaginative policies are required that focus on the need for multilateral cooperation and military dialogue between the countries of the region, as well as greater economic exchanges. The creation of APEC, the Asia-Pacific Economic Cooperation forum, and of the ASEAN regional security forum, are sensible steps.

To the extent that understanding and constructive contact between military forces in the region can be developed, the chances of miscalculation, surprise attack or any unleashing of nationalist forces will be reduced. But it would be unwise, for now, to take the currently favorable economic and political trends in Asia for granted.

The writer, head of the Strategic and Defense Studies Center at the Australian National University in Canberra, is a former senior official of the Australian Defense Department and director of the Defense Intelligence Organization. He contributed this comment to the International Herald Tribune.

A Difficult Inquiry Into Lithuania's Holocaust Bears Grisly Fruit

By John F. Crossland

LONDON — Amid all the attention being paid to Steven Spielberg's Holocaust film, "Schindler's List," another list, drawn up by the Nazi hunter Karl Jaeger, has emerged from a recently discovered German file in Moscow.

There I found the Jaeger list among closely typed documents, some stamped with the Nazi eagle and swastika, in the so-called Special Archive. Karl Jaeger was the man principally responsible for the extermination of 96 percent of Lithuania's Jews, the highest proportion for any country. The yellow Moscow building houses not only the Jaeger papers but those of more senior Nazis such as General Reinhard Heydrich, head of Reich security, which were carried away by the sackful from Gestapo headquarters in Berlin in 1945.

The Nazis were punctilious about recording genocide — the list breaks down the death roll by execution site and by the victims' sex and place of origin. One entry mentions "two American Jews killed at Kaunas." The date was seven days before Pearl Harbor and 10 days before war was declared, a time when these anonymous Jews were at real risk.

What were they doing that late fall of 1941 in Kaunas (today Kaunas)?

"They were doubtless relatives

who had emigrated," said Efraim Zuroff of the Simon Wiesenthal Center in Jerusalem in a telephone interview. "They were caught up while on a rare visit in the German invaders' orbit." In fact, a third of all Lithuanians are estimated to have settled overseas before World War I, most of them in the United States, and a quarter of the emigrants were Jews.

The subject of Lithuania distressed Mr. Zuroff. "Our investigations are not going well," he said. "Ever since Lithuania became independent, attitudes on the ground there to finding the people who were involved in these crimes has left a lot to be desired."

The center, which has its international headquarters in Vienna, has helped bring many prominent Nazis to justice. But it suffered a double setback over the New Year. First, the new Lithuanian government turned down its request to open an office there so that evidence could be gathered in situ, with the help of the Lithuanian legal authorities.

A government spokesman explained the refusal this way: "This Jewish organization applied to investigate when it is for Lithuanians to decide on courses of action. Our lawyers don't know all the facts and there

will be no action taken at present."

Mr. Zuroff said, "The Lithuanian government is afraid of the information which will be made public if we are allowed to do research and find witnesses. The nationalist opposition has incredible difficulty acknowledging the role played by Lithuanian collaborators in the mass murder of Lithuanian Jewry."

The second blow was the recent decision of Scottish legal authorities to drop investigations into the wartime role of one of those collaborators, Antanas Gecas, a retired mining engineer living in Edinburgh. Mr. Zuroff contends that there is enough evidence to prosecute Mr. Gecas, who lost a libel case against Scottish Television in 1987 over a program on the activities of Lithuanian police units under the Germans.

The Germans filmed some of the killing fields of their new eastern empire, following Operation Barbarossa, the Nazi invasion of the Soviet Union. We are familiar with the images of the victims, caught wide-eyed with terror, seconds before the fatal volley from their captors. But here, available to the public for the first time, is the chillingly impersonal report of a mass murder of the earliest phase of the Holocaust.

The report is that of Standartenführer Jaeger, commander of Einsatzgruppe 3 and regional head of the Sicherheitsdienst, or Special Security Force. He avoided arrest at the end of the war and worked as a farm laborer near Heidelberg until discovered in 1959. He hanged himself in his prison cell while awaiting trial.

Karl Jaeger wrote to his superiors in Berlin from Kaunas, Dec. 1, 1941: "I am in a position to give you evidence that the Jewish problem has almost been solved here. Today there are almost no Jews left in Lithuania, except the Jews who are working for us."

He puts this number at 34,500 and adds: "It was about to kill these people too but the civil authorities were against it. The headmaster [Alfred Rosenberg] issued an order not to shoot them."

Such special operations are primarily a question of organization, he says. "The Jews must be driven to one, or to several sites, depending on the numbers, and the distance between the assembly point and the grave should be more than 4 or 5 kilometers."

He continues: "The Jews should be divided into subgroups, 500 in each, and the distance between the groups should be at least 2 kilometers. What hard and nerve-racking work this is for us I will illustrate with this example. In a small place called Rokiskis, 3,000 men were moved 4.5 kilometers to the execution place. To do this job we used 80 collaborators. Stay were used to drive the trucks and as guards;

the other 20, together with my men, did the shooting itself. We lacked transport and there were numerous attempted escapes, which were stopped by men at the risk of their lives. One team at Mariampol shot 38 Jews and Communists who were trying to escape into the woods."

Standartenführer Jaeger proudly announced that 143 Jewish children

Recently discovered documents describe the extermination of 96 percent of Lithuania's Jews, the highest figure of any country.

had been murdered in Kaunas and 599 in nearby Kedainiai. He praised his "rank and file, who had worked very hard." He concluded: "The Jews who have been kept alive for work should be killed after the winter. I also believe that after sterilization of the male Jews an end will be put to them, and if any Jewish woman gets pregnant she should be killed."

See the start of Barbarossa, the total number of Jews killed in Lithuania alone was 137,346.

Karl Jaeger's enthusiasm brought him the displeasure of the head of the Gestapo, Heinrich Müller, who in a dispatch of May 18, 1942, said: "According to the OKH [the German high command] in Minsk, 630 Jewish craftsmen were given special protection because of their exper-

tise. Despite their qualifications they were later killed. In future I am asking you to take into consideration the opinions of the Reichsführer SS Himmler and police chiefs not to kill Jews in the same batches 16 to 32, who are capable of doing work. These Jews must be sent either to concentration or labor camps."

In the same captured files I discovered evidence that Reichsmarschall Hermann Göring, far from "never having decreed the murder of a single individual" as he claimed at Nuremberg, was a prime mover in the earliest stage of the Holocaust, a year before the plan for the elimination of Europe's Jews was drawn up at the Wannsee conference.

The darker side of this top Nazi is revealed in a 12-point memorandum, drafted by General Heydrich on March 26, 1941, after a meeting with Reichsmarschall Göring to discuss the exploitation of conquered Soviet territory after Barbarossa. Above his signature, General Heydrich wrote this: "The Reichsmarschall said that the troops should be warned about the danger of the OGPU, the political commissars, the Jews and so on. The soldiers should know who to put up against the wall and shoot!"

The whole truth about what happened in Europe must be revealed. Thus the interest in being given access to witnesses of the Lithuanian Holocaust — one of the last unresolved and unexplained chapters of a story of which the world is once more being reminded.

The writer is a British journalist and archivist. He contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Corean Conspiracy

NEW YORK — According to mail advice received in San Francisco from Corea, a plot has been discovered to blow up the King and his Ministers, and to overthrow the government. Twenty-seven conspirators have been arrested and will be executed in order, it is said, to prevent them making revelations regarding some high State dignitaries who are involved in the plot.

1919: Tension in Siberia

WASHINGTON D.C. — Washington officials are much disturbed over continued reports of anti-American agitation in Siberia, much of which is ascribed to Japanese agents. The situation is recognized as having an element of danger to the friendly relations between the United States and Japan. There is no hint of actual disagreement between the two Governments, but representatives of the old war party, which was displaced

by the present Japanese Administration and who are now active in Siberia, have brought about a certain degree of tension. So far there has been no official cognizance of these alleged and American activities but conditions are such that serious complications may arise at any time.

1944: Patton Replaced

ALLIED HEADQUARTERS, Naples — [From our New York edition:] Major General Alexander M. Patch Jr., hero of Guadalcanal, today [March 21] was named commander of the United States 7th Army, formerly commanded by Lieutenant General George S. Patton Jr., who was rebuked by General Dwight D. Eisenhower for cutting a shell-shocked soldier in a Sicilian hospital last summer. Patton's new assignment was not announced, and there has been little news of the activities of the colorful tank warfare expert since the affair of the ill soldier was made public last November.

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مكتبة التحصيل

OPINION

Say It Ain't So, Chairman, And Let Whitewater Flow

By William Safire

WASHINGTON — Eight members of the great Chicago White Sox team had just been indicted for conspiring with gamblers to throw the 1919 World Series. A young fan, tears in his eyes, ran up to Shoeless Joe Jackson and pleaded: "Say it ain't so, Joe."

I feel that way about the House banking committee chairman, Henry Gonzalez, a Democrat of Texas. He was my hero. For years, while Beltway elitists joined bankers' lobbyists to scoff at his ponderous style, I admired his courage in taking on the titans of the executive branch and the regulatory agencies.

Long before the Banca Nazionale del Lavoro affair blossomed into the Iraqgate scandal, it was Mr. Gonzalez who saw through the flimflam of the U.S. attorney in Atlanta. Chairman Gonzalez, droning on late at night to an empty House chamber, put into the Congressional Record evidence of the Justice Department's connivance in silencing inquiry into President George Bush's misbegotten financing of President Saddam Hussein of Iraq.

That was during a Republican administration. Surely, I thought, when the moment came for investigation into the savings and loan debacle and abuse of federal power in discouraging and "monitoring" of criminal referrals of bank regulatory agencies, Chairman Gonzalez would see his nonpartisan duty and lead the way in Whitewater, no matter what the pressure from Democratic satraps.

Last month, as evidence mounted of White House and Treasury meddling in a banking prosecution — and as the need for the banking committee's oversight be-

came urgent — I called my frequent source and asked: Henry, where are you?

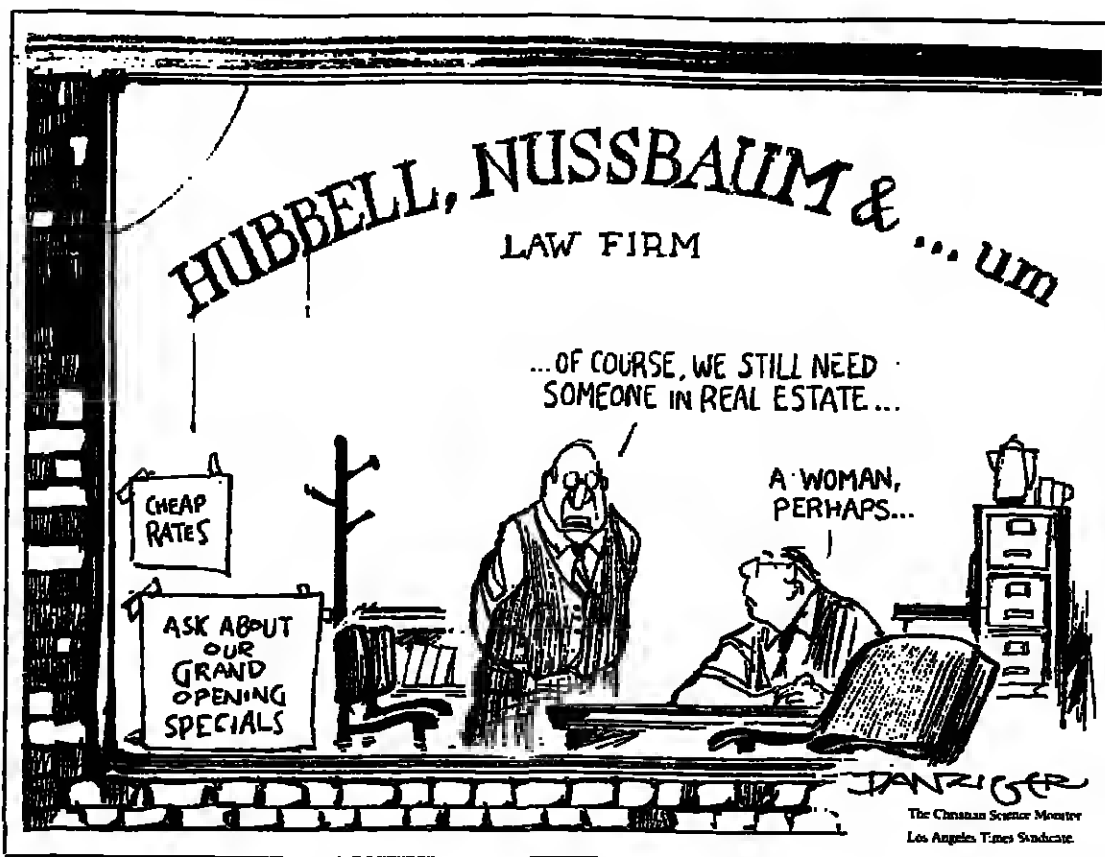
"As soon as I see some legislative purpose to hearings," he promised. "I'll hold them." Pressed about the oversight responsibility of his banking committee, Mr. Gonzalez pointedly noted that "several crack staffers" from the Republican minority were hard at work and he would study their findings. I wrote reassured: Henry might not be in the forefront, but would do the right thing.

What a foolishly idealistic pundit am I. That was before staffers working for Representative Jim Leach, the soft-spoken Iowa who is the banking committee's ranking Republican, began hitting pay dirt about the costly manipulation of Madison Guaranty Savings & Loan by the Clintons' lawyers and partners.

At that point, Henry the Unstoppable was transformed into Henry the Stopper. Nothing is subtle about the Gonzalez stonewalling: Never in the history of the U.S. Congress has there been such a blatant effort by a committee chairman to protect the White House by strangling a needed investigation in its crib.

Hearings? Henry won't hear of them. Although he cannot block the lawfully mandated semiannual oversight hearing of the Resolution Trust Corp., he insists that all the witnesses be jammed into a single day on Thursday of this week. When Mr. Leach offered to postpone this hearing a few weeks to accommodate the nonindependent counsel's desire for first bite at the testimony apple, Henry said nothing doing: one day now or never.

Worse, by notifying administration witnesses called by Mr. Leach that they



do not have to cooperate, he undermines the House's power to check the executive branch. This is unprecedented partisanship, probably against House rules, but the Democrat in the speaker's chair, Tom Foley, isn't enforcing rules that might embarrass Democrats.

Who is this Leach? He's the last of the Rockefeller-Javits Republicans, a pariah at national conventions; yet this unrecruited moderate is shrilly denounced as politically motivated by Clinton cron-

David Wilhelm, the Democratic National Committee's pit chihuahua.

Henry, listen to your longtime admirers: You are turning Thursday's hearing into a televised trial of the Democratic stonewall. Every time Mr. Leach asks a searching question, and you rule it out of order or not germane, that will infuriate the watching public. Every wrongful rap of your gavel will drive a nail in the administration's coffin.

Repent before it's too late. Don't fall

for "unless it's criminal, it remains secret." Remember Shoeless Joe, acquitted by a jury, but driven from the playing field forever by the overseer demanded by the fans.

Do not bring shame and obloquy on the good citizens of San Antonio, and on Clinton voters everywhere, by exchanging your hard-earned reputation as fearless maverick for the shoddy shield of partisan hypocrisy. Say it ain't so, Henry. *The New York Times*.

From 2d-Floor Potting Soil To Our Half Acre of Eden

By Linda Angeloff Sapienza

FORT WASHINGTON, Pennsylvania — Be careful what you wish for. You may get the half-acre lot where all of your gardening fantasies are meant to come true. How many apartment dwellers have dreamed of working the same magic outdoors that they do in small spaces, knowing they possess skills that far surpass the limitations of the window sill and balcony?

What a thrill to decide where to put a tree, or what to plant in the vegetable

us, its brightly colored, bushy leaves on the side facing the sun. The plant's "good" side lent elegance to dinner parties if turned toward the interior a few minutes before the guests' arrival.

Long after the guacamole is eaten, the supermarket avocado seed sits in a water glass, held up by toothpicks until it takes root. The resulting skinny stalk with its three large shiny leaves proves to be the most accurate indicator of when to water the houseplants. Its tendency to droop at a moment's notice is legend.

As we become more sophisticated about apartment gardening, we come to appreciate the absence of pests and guard our plants from any outside vegetation. The 99-cent special houseplants outside the grocery store are not to be trusted. And if an infested plant is discovered next to our carefully tended African violets, tossing it away is easier than treating its affliction.

We learn which flowers can grow indoors, and have mild successes with geraniums and impatiens. The balcony is the perfect place to watch over summer blooms: Its small size assures that any wilted flowers will be promptly noticed, then pinched off to encourage replacements. Border plants, like bright red salvia, work well even when the only available space is the border between the kitchen chairs and the street below.

This is the knowledge I bring to the half-acre. Is it any wonder that I'm planning the houseplants first?

Spider plants and philodendrons grow to immense size in southern Mexico, but we don't often see them in East Coast front yards. The outdoor colors can't be turned in the direction of approaching dinner guests, and avocado plants are quickly dwarfed by fast-growing weeds. The pinching-off process goes a lot slower when more than six flowering plants are being observed.

And then there are caterpillars, aphids, whiteflies and neighbors — neighbors who will know if the new guy can't control pests. And bees! Just how does one share space with them?

My blank canvas is turning into a nightmare. What if the misplaced tree grows 10 feet (3 meters) over a single summer? Or if the vegetable patch yields not a single zucchini? Don't squirrels eat everything in sight? How are they kept away from the bird feeder?

A landscape architect's help seems logical. Unfortunately, all funds not funneled into rent over the years went into the down payment for the half-acre.

The stonemason left a few pieces of golden-vein granite in the backyard, perhaps sensing that we are new at this stuff. Maybe a rock garden is the answer ... and a gazing globe. I have found a perfect corner for the ficus.

Ms. Sapienza is a writer and illustrator. She contributed this column to The New York Times.

LETTERS TO THE EDITOR

Russia's Helping Hand

Regarding "A Modest, Fragile, Partial Success, but Still a Success" (Opinion, March 15) by William Pfaff:

To call President Bill Clinton's latest initiative in the Balkans "a significant foreign policy success" is being excessively generous. To deplore the Europeans' failure to conduct an effective foreign policy in the Balkans as a political "inability" is being lavishly forgiving. All of this does not mean that one should belittle what recent progress has been made. But history will condemn the West for having been a bystander when the worst violation of human

rights and international law since the Holocaust was being perpetrated.

And has it not been President Boris Yeltsin's belated intervention in Bosnia that brought the Serbs to their senses? One wonders why Poland, Hungary, Slovakia and the Czech Republic are so keen on joining NATO when it's good old Russia that seems to achieve the so-called breakthroughs.

KARL H. PAGAC,
London.

Japan and Plutonium

Regarding "Taking 2 High-Tech Hits, Japanese Bow to Reality" (Feb. 23):

The Atomic Energy Commission of Japan is deliberating over the revision of the long-term program for development and utilization of nuclear energy, taking public opinion into consideration. The program has generally been revised about every five years, and the latest one is the result of a revision in 1987.

During the six years since then, there have been some delays in the programs

for the demonstration fast-breeder reactor, the commercial reprocessing plant and so forth. These delays are part of any technological development, and are a result of our policy of maintaining the proper supply and demand balance for plutonium, based on the principle that Japan should have no more plutonium than necessary, that is, no surplus.

David Sanger's assertion that these delays are the result of Japanese bowing to overseas pressure is inaccurate.

YASUTAKA MORIGUCHI,
Science and Technology Agency,
Tokyo.

Media Missing the Point

I continue to be amazed by how far from the mainstream of America the news media have strayed. The media contended that Americans were concerned about Bill Clinton's avoidance of the draft. It never occurred to the patriots who control the front page that the vast majority of men during the

Vietnam War had only one thing on their minds: how to avoid the draft. Mr. Clinton did what millions of others did (including Dan Quayle).

Second, more than 65 percent of American married men (a smaller percentage of women) have had or will have at least one extramarital sexual experience. Voters did not think Mr. Clinton's private life mattered.

Third, the Whitewater details seem to indicate activities that are pretty commonplace in the U.S. business world. At least Mr. Clinton lost money on the deal.

ERIK H. THORESON,
Alesund, Norway.

Speaking of Japanese

Regarding Christopher Lehmann-Haupt's review of "On Familiar Terms: A Journey Across Cultures" (Books, March 3):

I was shocked to read in this review that "after Pearl Harbor, he [the author, Donald Keene] learned that he was among only 50 Americans who spoke

Japanese." What about the Japanese-speaking Japanese-Americans?

MARLAN CARLSON,
Sierra, Italy.

Editor's note: The same review appeared in *The New York Times*, which a few days later printed a correction stating that the review "included an incomplete paraphrase of one recollection by Mr. Keene about the aftermath of Pearl Harbor and the number of Americans who spoke Japanese then. Mr. Keene wrote, 'Soon after the outbreak of war, I heard a radio broadcast to the effect that only 50 Americans knew Japanese. This was absurd: There were hundreds of thousands of Japanese-Americans who knew Japanese.'"

Better Than Gridlock

Regarding "Wheels in Singapore" (Letters, March 15):

J. Everett Blackworth claims that by restricting car ownership, the Singapore

government is "depriving citizens of basic rights which many consider inalienable." Can he name any country whose constitution guarantees the inalienable right to own cars?

Of Singapore householders, 31 percent own cars, higher than the proportion in Hong Kong. High automobile taxes in Singapore are compensated for by low personal and corporate taxes.

Overall, Singaporeans pay lower taxes than the citizens of most developed countries. This policy is imposed not by the "elite," but by a democratically elected government which must face the voters every five years.

Nobody likes to pay high car taxes. But when the alternative is what has happened in New York, Los Angeles, Bangkok, Taipei and Seoul, high car taxes are the least objectionable and the most effective alternative to gridlock.

TOMMY KOH,
Singapore.

The writer is a former Singapore ambassador to the United States.

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MITSUBISHI MOTORS
CREATING TOGETHER

SERBS: UN Troops Find Arms Cache Near Sarajevo

Continued from Page 1

to end the shelling of Sarajevo. This has been accomplished under a NATO threat of air strikes if the Bosnian Serbs did not silence and pull back their heavy weapons or place them under UN control.

Last Friday, Bosnian Serbian soldiers fired a half dozen mortar rounds and hit a UN armored personnel carrier on a reconnaissance mission of a damaged bridge at the Serbian-Muslim confrontation lines outside Gradacac in northern Bosnia.

After returning fire, the Scandinavian crew was forced to evacuate the vehicle, which was then destroyed by Serb gunners. Major MacDowall said that what was particularly disturbing was that the UN force had been asked by the local Bosnian Serbian command to carry out the mission and had been given written security assurances.

On Sunday, Bosnian Serbian soldiers also fired on UN vehicles that were escorting a UN convoy carrying humanitarian relief supplies from Sarajevo to Kiseljak.

UN officials in Sarajevo said a

second relief convoy carrying 94 tons of food coming from Zagreb left on Monday for the town of Maglaj, which is under siege by the Serbs, in north-central Bosnia. The first convoy in six months arrived there Sunday after Serbian forces partly withdrew under threat of UN military action.

A UN relief official, Kris Janowski, said food shortages in Maglaj had proven "not as bad as originally reported," although he said "not a single house" had been left undamaged during the six-month siege.

UN officials in Sarajevo said a

JUSTICE: One Law for Jews and Another for Arabs

Continued from Page 1

nition—about 160 bullets. But he was able to walk unimpeded into the Muslim prayer hall because the established rules say Jewish settlers in Hebron can be armed for self-defense and can carry their weapons into the hall for worship, but Arabs must be unarmed.

It was the Jewish festival of Purim. Benny Ben-Yamin, one of the soldiers outside who first saw Dr. Goldstein arrive, said he greeted him by saying, "Happy Purim." Mr. Ben-Yamin said he then asked Dr. Goldstein "why he didn't come in his Subaru family car" since he had a preferential parking space.

"He mumbled something and entered," the soldier said. "I didn't pay attention."

He said he was told not to check bags carried by Jews. Rotem Raviv, the second lieutenant guarding the last passage before Dr. Goldstein opened fire, was asked how he could have let someone into the Muslim hall with seven magazines of ammunition.

"I didn't see them," he said. "We don't check the bags of Jews."

But outside the gate was an explicit order to check all handbags carried by Arabs, according to Sergeant Kobi Yosef. And Lieutenant Ilan Bitton said the metal detectors installed at the gates were not used for Jews.

The dual standards also applied to one of the most sensitive and irrevocable decisions of all: when a soldier can open fire. Although it is unclear whether an Israeli soldier could have shot Dr. Goldstein to stop him, many of the soldiers on duty that day said they were under standing orders never to shoot at a Jewish settler.

By contrast, the army sanctions shooting at Palestinians when a soldier feels mortally threatened, and soldiers also may fire at Arabs when trying to apprehend them.

An army tank driver, Richard Cohen, who ran to the site from the barracks nearby, said he was under orders not to shoot a Jewish settler "under any circumstances," Eli Barakat, a policeman, said he was told "not to shoot at Jews unequivocally, even if he shoots at us."

An army document said, "It will be emphasized that soldiers are not to use weapons against Israelis."

A social scientist, Meron Benvenisti, who has chronicled how Israel gradually created a separate set of rules and arrangements for the Jewish settlers, said the orders on when to shoot reflected a peculiar and "murky" mindset that viewed the conflict as tribal war.

"If the world is divided into two, a Jewish soldier and settler belong to one tribe," he added. "People have to understand that in this savage environment, people kill. Shoot an enemy—he belongs to the tribe that is warring with us. But he cannot shoot a Jew because he is a friend."

Amram Gonen, a Hebrew University professor, said Israel devised the separate rules to avoid having to annex all the Arab lands it occupies. "What they've done is functionally create islands of Isra-

el, in the sections settled by Israelis," he said.

In the Jewish settlement of Kiryat Arba where Dr. Goldstein lived, next to Hebron, the medical clinic is part of the Israeli medical system. When Arab residents of Hebron need medical care, they go to hospitals run by the Israeli military government or by private Islamic institutions.

Drivers who come to the army checkpoints outside of Hebron find two lanes of traffic. One is for Arabs, who usually must wait in line for their papers to be checked. The other is for Jews, who are waved through by soldiers. Arabs in Hebron who want to go to Jerusalem must apply for a permit from the military. Jews are allowed to cross from the territories to Israel without permits.

According to a study released last week by the Israeli human rights group B'tselem, Jewish settlers have been given only light sentences for killing Palestinians in the West Bank and Gaza Strip. Of 48 cases in which Palestinians were killed by Israeli civilians from 1988-92, the study found that only a quarter of the Israelis ever went to trial and that only one was convicted of murder.

In the military courts, Palestinians face laws carried over by Israel from the previous British and Jordanian administration, and to these are added more than 1,300 Israeli military orders. According to Keo-oeth Mann, professor of law at Tel Aviv University, the evidence in military court is presented to the judge, and often kept secret from the defendant. As a result, Palestinians are regularly given sentences based on evidence they do not have access to.

Three other passengers were lightly wounded and treated at the settlement, settlers and security sources said.

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U.S. Holds 'Useful' Talk With Arafat In Tunisia

Reuters

TUNIS—Dennis Ross, the U.S. Middle East peace process coordinator, emerged from talks with the PLO leader, Yasser Arafat, on Monday saying the meeting had been "useful," but PLO officials said there had not yet been a breakthrough.

A PLO Executive Committee member, Yasser Abed Rabbo, said after the meeting that no agreement had been reached on implementation of last week's Security Council resolution on protection for Palestinians in the occupied territories.

Mr. Abed Rabbo also said there had not yet been any breakthrough in talks on Monday with an Israeli team that is seeking to renew talks with the PLO on Palestinian self-rule. The PLO halted the talks after the Feb. 25 Hebron mosque massacre.

Mr. Ross, speaking after a two-hour meeting with Mr. Arafat, said talks were to resume later in the day. Mr. Abed Rabbo said talks with the Israeli team would also resume later in the day.

In the occupied territories Monday, shots were fired at an Israeli bus traveling to a West Bank settlement north of Jerusalem, wounding two passengers seriously and three lightly, settlers and police said.

The identity of the gunmen was unknown, but Muslim groups have vowed to avenge last month's massacre of worshippers in a West Bank mosque by a Jewish settler.

"Near the village of Bir-Zeit, shots were fired from an ambush on the left side of the road towards the front of the bus," said Yehiel Hamdi, secretary of the Jewish settlement of Ateret, where the bus was headed.

He said one woman from the settlement was shot in the lung and was in a serious condition. The driver was also seriously wounded, and both were evacuated by ambulance to a Jerusalem hospital.

Three other passengers were lightly wounded and treated at the settlement, settlers and security sources said.

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TARIM: Worldwide Hunt Leads Oil Prospectors to China's Savage Sands

Continued from Page 1

a historic expansion in the world's exchange of goods, services and capital.

With so many new oil reserves opening at once, Western multinational corporations are moving to exploit large stocks of natural resources that had been unobtainable for decades. At the same time, for many countries in the developing world, the exploitation and export of natural resources is offering the quickest and easiest way to join the world trading economy.

Yet some people working today on the new trading frontiers are more worried than bullish. Some fear that rapid integration of so many newly free economies is undermining standards of living established in the West during the Cold War period, by exposing affluent workers to competition from poorly paid labor in the developing world. Others worry that the global opening is resulting in too much new oil being pumped, too many new mines opening and too much new manufacturing.

World trade in fuel and metals totaled \$875 billion in 1992, or about 12 percent of the total merchandise crossing national borders, according to World Bank figures. The percentage is much greater outside North America and Western Europe. Fuel and metals account today for about 30 percent of Latin America's exports, 35 percent of Eastern Europe's and 65 percent of Africa's, according to statistics from the General Agreement on Tariffs and Trade.

As the world's economic doors open, Western natural resource companies are leading the charge across the thresholds.

In the oil industry, Chevron Corp. has signed a \$20 billion, 40-year deal in Kazakhstan. Pem-

zoi Co. and Amoco Corp. are drilling off the Azerbaijan coast in the Caspian Sea. British Petroleum Co. is sinking new wells from China's shores to Colombia's jungles. French oil explorers are swarming over West African offshore fields.

Richard H. Matzke, Chevron's vice president and head of its overseas exploration and production arm, estimates that half of the potentially oil-bearing sedimentary basins of the world were previously closed in foreign investment by countries that have now opened their doors.

China offers a compelling case of what is at stake on these oil frontiers. "Petroleum is critically important to China, and that's why Tarim is so important," said Albert Keidel, economic consultant to the World Bank.

No country in the reforming global economy is more vital than China. It absorbed about half of all new cross-border investment made in the world last year. Its domestic economy grew last year an estimated 12 percent, the second straight year of double-digit growth.

Many economists expect China's economy to double in size before the year 2000, and China needs oil. In 1985, China was Asia's biggest crude oil exporter. This year it is expected to become an oil importer. Indeed, China could be importing as much as 1.7 million barrels of oil a day by the turn of the century unless it makes major oil discoveries, according to David Frey, an oil analyst.

China has moved to meet this challenge only recently. Its long march to Tarim with Western oil partners is a program now in early but vigorous stages, and involving most of the world's largest oil multinationals—had to be

postponed for decades while China seceded through various ideological development strategies.

By the 1980s, however, trouble was brewing behind the Chinese National Petroleum Corp.'s showcase of Communist self-sufficiency. Only three fields produced the bulk of China's oil, and all three were nearing peak production, meaning total output would soon decline. At the same time, energy consumption climbed alarmingly: China doubled its gasoline use between 1980 and 1988.

These developments led to a leap in thinking. Beijing decided in the early 1990s that it had to choose not to open its offshore oil industry to outside explorers.

The richest target for joint enterprise, the Tarim Basin, is almost as big as Texas, yet it is as remote as remote can be. Situated within the Central Asian province of Xinjiang, the oil exploration area is bordered on the south by Tibet. To the west lie Pakistan and the former Soviet republics of Tajikistan and Kyrgyzstan. To the east is the relatively sparsely populated Chinese republic of Qinghai.

The pipeline carrying the oil will have to travel to the east, making a 2,400-kilometer (1,500-mile) journey clear across China to the country's more populous and industrialized eastern seaboard.

Chinese geologists have estimated that the geological reserves of the basin could be as much as 74 billion barrels of oil and 283 trillion cubic feet (7.9 trillion cubic meters) of natural gas. If true, that would be three times the remaining U.S. proven oil reserves and nearly twice the remaining U.S. proven natural gas reserves.

NETWORK: U.S. Firms Seek to Lift Satellite Links Into a New Orbit

Continued from Page 1

telephone companies. Beyond that, it will require regulatory clearances from the United States and several other governments. Then would come the technical challenge of building a huge system unlike anything now in existence.

Mr. McCaw, 44, is chairman of McCaw Cellular Communications, America's biggest cellular telephone company, with \$2.2 billion in annual revenue. A strong believer in wireless communications, he defied skeptics and borrowed billions of dollars during the 1980s to build cellular systems around the country.

Last year, he agreed to sell his company to American Telephone & Telegraph Corp. for \$12.6 billion. If the sale is completed on schedule this year, Mr. McCaw will emerge with roughly \$1 billion of AT&T stock. He apparently means for Teledec to serve as the next act in his business career.

Mr. Gates, 38, dominates the computer-software industry as the chairman and chief executive of Microsoft. With \$4 billion in sales, Microsoft dominates sales of computer programs that govern the basic operations of IBM-compatible personal computers.

It is also a leading provider of applications software—word processors, spreadsheets, games and the like—for International Business Machines Corp. computers as well as the Macintosh computers made by Apple Computer Inc. His net worth is estimated at \$4 billion.

Mr. McCaw is chairman of the new company, of which he and Mr. Gates each own about 30 percent. Mr. Gates will hold an executive position in the company. McCaw Cellular will own a little less than 30 percent, and its stake will be transferred to AT&T when McCaw is sold. AT&T's future role remains unclear.

Neither Mr. McCaw nor Mr. Gates could be reached for comment.

As envisioned, the new fleet of satellites would be placed in what is known as low-earth orbit, about 435 miles (about 700 kilometers) above the Earth. Circling the globe from pole to pole, these spacecraft would be far closer than traditional "geostationary" communication satellites, which keep pace with the Earth's rotation from positions 22,300 miles above the Equator so that they remain over the same spot on Earth at all times.

The proposed system bears some resemblance to the Iridium project. But that system is to provide the satellite equivalent of a cellular telephone link, good for carrying mobile voice conversations and linking people with laptop computers.

The Teledec system essentially sacrifices this mobility and would require people to remain at a fixed location as they communicate. In exchange, it would offer much more capacity, or "bandwidth," so customers would be able to link computers over worldwide networks, beam X-rays or other medical images or carry out two-way video conferences.

The most astonishing feature of the Teledec system is the huge number of spacecraft it would employ. Each of the 840 satellites, which would be launched over several years, would be about four meters long and one meter wide and would be launched in clusters of as many as eight at a time. Once in orbit, they would circle the Earth along 21 separate orbital paths, to cover about 95 percent of the planet at all times.

Before anything goes into orbit, however, Mr. McCaw and Mr. Gates will have to raise a lot of money.

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MALAYSIA

POWERHOUSE OF THE '90s

With economic growth running at 8 percent annually, Malaysia is quickly gaining ground among Asia's developing economies. Current estimates predict that the per capita income of Malaysians, who currently number 18.4 million, will increase eightfold in the period from 1990 to 2020.

FAST-FORWARD FOR ECONOMY

Malaysia, its economy expanding at a steady clip, is confident of catching up with the industrialized West by the year 2020.

Once a splendid mansion, the Coq d'Or on Kuala Lumpur's Jalan Ampang boulevard is favored by those who rate restaurants on atmosphere, not cuisine. Six years ago, so deep was the recession that some nights one could dine in this

The debt-service ratio is only 2.4 percent

palatial canteen all alone. These days, patrons must book or stand in line – and sometimes both. The recession over, Malaysia has sped into prosperity.

Turning up late for a recent lunch date at the Coq, a business tycoon jumped out of his Jaguar and offered this excuse: "Sorry, it's the traffic – a side effect of our success." That just about sums up Malaysia in 1994: a country with growing pains, but confident that its progress is unstoppable. Such assuredness is understandable, given Malaysia's record. "You can't argue against success – and it's our success that makes us so confident about the future," says Kuala Lumpur businessman Lim Kok Wing.

Malaysians are so confident that they have set themselves the goal of becoming a fully developed country by the year 2020. The way to get there is to achieve an average annual growth rate of 7.5 percent for the next 30 years. Easy, say those who drafted Vision 2020, a national mission statement issued in 1991. If the vision comes to pass, Malaysians will be four times richer in 2020 than they are today.

So far, things are going swimmingly for Vision 2020. Economic growth, above 8 percent for the seventh year running in 1993,

should hit 8.2 percent this year. The rate of inflation, expected to be held below 4 percent again this year, will show once more that the government has mastered the difficult trick of keeping prices steady in a fast-expanding economy.

If, as expected, the current account of the balance of payments registers a healthy surplus this year, claims that the economy has been allowed to overheat will again be proven false. Says a senior Finance Ministry official: "If we pushed the right levers, we could make the economy go even faster. But what we are after is sustainable development. We believe we are achieving that with a growth rate of 7.5 percent to 8 percent."

Some still worry about economic machismo: Is Malaysia risking everything it has achieved in a desperate gamble to catch up with the West? Nonsense, say the pundits at the Finance Ministry. If proof of Malaysia's prudence, indeed conservatism, is required, it is there on the balance sheet. Central bank reserves are larger than the country's foreign debt.

The debt-service ratio, which measures the value of annual exports against the cost of servicing the national debt, is only 2.4 percent. This compares with the 20 percent that the World Bank says is acceptable for a fast-developing economy like Malaysia's. Little wonder that bankers engage in a mad scramble on the few occasions that the government asks to borrow money.

What is the secret of Malaysia's success? Being at the epicenter of the world's most dynamic region helps: Malaysia is the only member of the Association of South East Asian Nations that shares a border with all the rest – Brunei, Indonesia, the Philippines, Singapore and Thailand. Having lots of space and plenty of natural resources also helps; Malaysia's population density is one-quarter that of Singapore and half that of Thailand.

Mix potent comparative advantages with clever government policies and you have an unbeatable formula, says Mahathir bin Mohamad, prime minister since 1981. He likes to put it this way: "Wages may be lower in other countries, but the kind of political stability and predictability of government policies in Malaysia is something that most other countries cannot offer."

Investors like low wages, but they like stability and predictability better. Malaysia, a country with just 19 million people, has become a location of choice. According to the World Bank, between 1989 and 1992, the country attracted \$12.1 billion in foreign direct investment, the third-highest rate after China and Mexico.

Malaysia is not an easy country to manage. With Malays making up 60 percent of the population, Chinese 30 percent and all major religions represented, it could be a volatile mix. But the country's peculiar brand of race-based politics has taken hold. In fact, so successful has the Malaysian model been that the World Bank considers it could be adapted for use in South Africa.

Some call Mr. Mahathir's political style "soft authoritarianism" and some call it "hard democracy." Whatever it is called, his brand of strong government goes down well with the electorate. Through regular and democratic elections, the same government has held power since independence in 1957.

Within the next 18 months, there must be a general election. The ruling National Front is a coalition of Malay, Chinese and Indian parties that Mr. Mahathir's United Malays National Organization (UMNO) dominates. The coalition is tipped to improve on the two-thirds majority in Parliament it won in the 1990 poll.

"We will do better this time, because the leadership question within UMNO has



The growth of white-collar jobs and a thriving auto industry are supplanting Malaysia's traditional agricultural economy.

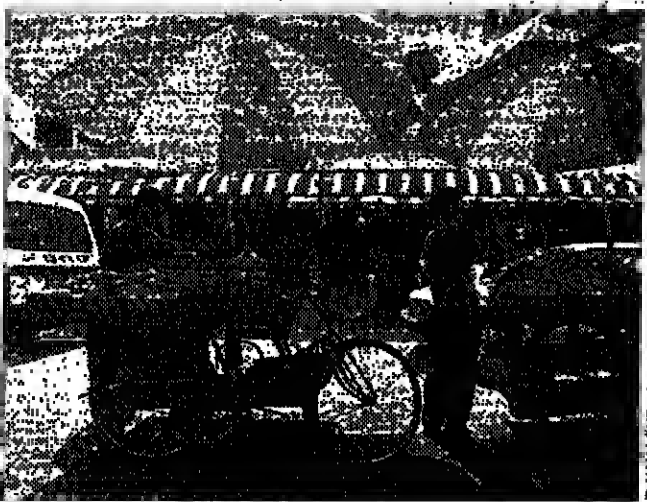
MALAYSIA'S CHANGING FACE

In 1970, 26.8 percent of Malaysia's population lived in urban areas. By 1992, this figure had increased to 45 percent.

Malaysia's estimated urban growth rate for 1990-95 is 4.3 percent, faster than India, and on a

par with Indonesia, but slower than China and Cambodia.

Infant mortality decreased from 16.5 percent in 1985 to 12.5 percent in 1990. Only Singapore has a lower rate among Southeast Asian countries.



been resolved," says Mr. Lim. Late last year, in a no-holds-barred contest, Finance Minister Anwar Ibrahim became Mr. Mahathir's understudy at UMNO. This made the 46-year-old former student leader his country's deputy prime minister – and the favorite to succeed Mr. Mahathir, a 69-year-old former country doctor.

The way others see it, stability is what you get when you handle the economy properly: it is a result of good economic management rather than a prerequisite for it. "An open economy, that's the key," says Tan Keok Yin, the chief executive officer of the Federation of Malaysian Manufacturers.

Malaysians are happy to discuss the reasons for their success, to weigh this factor against that one and argue about strong government versus liberal democracy. A pleasant place for debate is the Coq d'Or restaurant – but leave lots of time to get there.

Sid Astbury

INCREASED AUTONOMY FOR TRADE SECTOR

Malaysia seems to have reached a turning point in terms of trade and industry. The country continues to boom – registering a robust 8 percent growth in gross domestic product last year – but

Companies urged to launch their own consumer brands

can no longer rely on external catalysts to stoke manufacturing and export growth.

Rafidah Aziz, the minister of international trade and industry, recently announced that due to numerous factors, "large waves" of foreign investment in Malaysia were a thing of the past. As a result, domestic investment will have to play a more prominent role in the country's economic future.

New investment in manufacturing fell by over 50 percent last year, to about \$5 billion. There was also a fall in the number of new manufacturing projects, from 874 to 653. In terms of origin, the United States was the top investor in 1993 with \$670 million in proposed investments, followed by Japan (\$630 million) and Taiwan (\$360 million).

The money is going into a wide range of export products, including processed foods, computers and electronics, furniture and other wood-based products, chemicals, auto parts, building materials, boats and marine equipment, steel and other metal items.

The decline in foreign investment is expected to continue for the immediate future because of weak economies in the industrialized world and severe com-



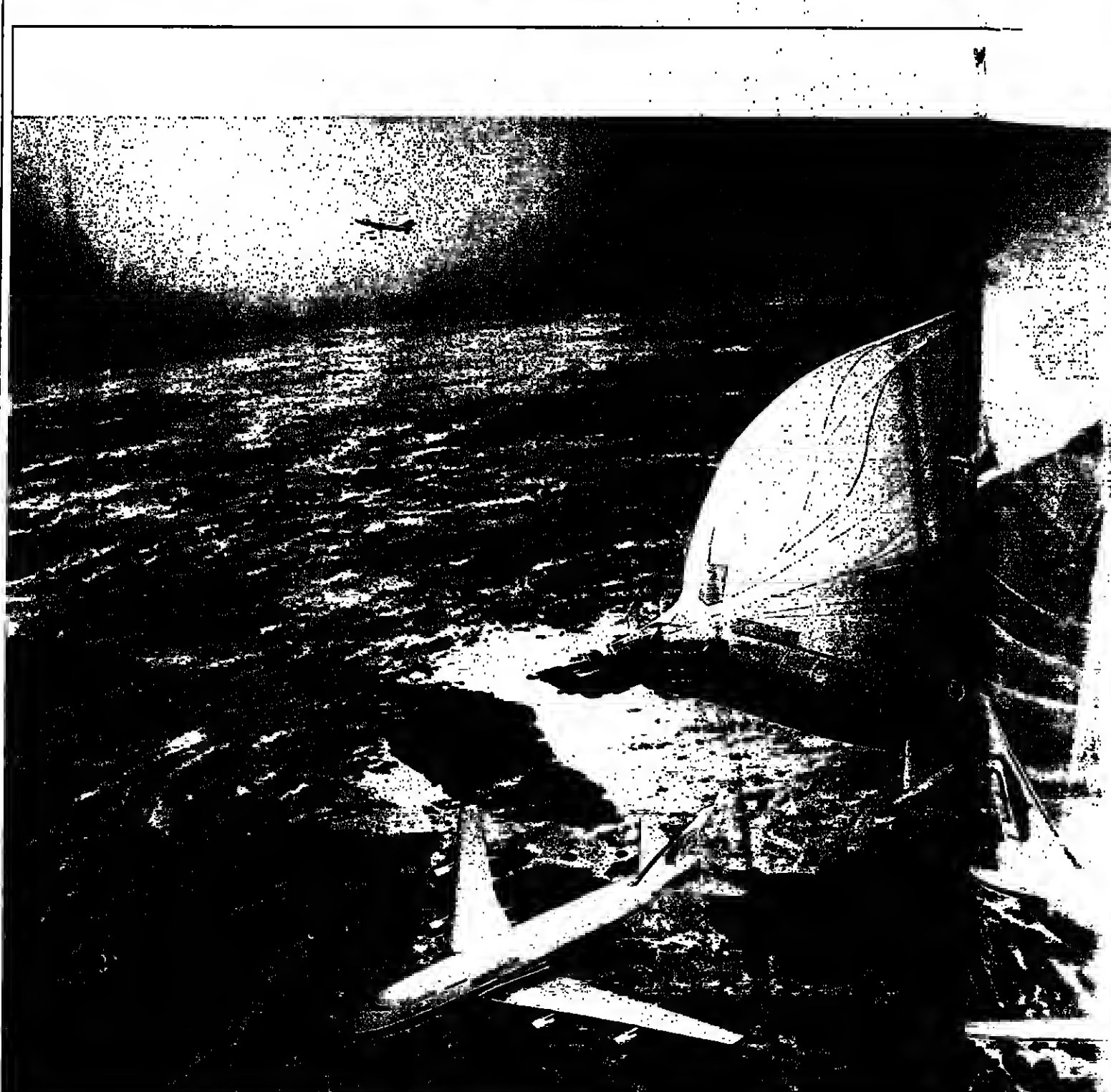
Malaysians are purchasing more and more foreign-made consumer items.

petition for investment from other Asian nations, including newly emerging economies like Vietnam and China.

Industry experts say that the worldwide trend toward the implementation of trade

blocks could also affect investment flows, especially if the North American Free Trade Association becomes successful.

Although it may be too early to tell, the investment decline seems to have had little effect on trade. Malaysian exports totaled about \$40 billion in 1992 and an estimated \$44 billion



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Continued on page 13

*Buenos Aires, South America effective 28 March 1994. For reservation

مكثان النجف

MALAYSIA

DOMESTIC MANUFACTURING SEEKS A HIGHER LEVEL

Manufactured goods account for 70 percent of exports

you mean the Tin Mine ecocorridor at the Kuala Lumpur Hilton. Now, the Hilton's basement right spot sees more action than most of Malaysia's mines. So rapid has been the rise of the once-mighty tin-mining industry that its corner on the Kuala Lumpur Stock Exchange are mostly penny stocks.

King Tin's dramatic tumble taught Malaysia a lesson: Even for a world-champion producer, reliance on primary commodities like tin, palm oil, timber and rubber can be catastrophic. Because commodity prices gyrate between high and low, economies that depend on them seeaw through booms and busts. To achieve resilience, diversification is necessary.

This is what Malaysia did after commodity prices plunged in the mid-1980s, dragging the country into its worst recession since independence from Britain in 1957. The economy was opened up to foreign investors, who were given handsome incentives to set up factories to make products that could be sold abroad.

The results are stunning. Manufacturing now contributes 40 percent to the gross domestic product, up from 15 percent 10 years ago. Manufactured exports now account for 70 percent of total export receipts, a figure that should rise to 78 percent next year.

Malaysia is now a manufacturing powerhouse that also is famous for timber, rubber and tin. It is also the world's largest producer of palm oil. The full impact of Malaysia's transformation from colonial outpost to manufacturing nation becomes apparent on the drive from Penang's international airport to George Town, the capital of this bustling state on the northwest coast of the Peninsula. The names that flash by read like a Who's Who of the electronics industry: Intel, Motorola, Hitachi, Hewlett-Packard, Thomson, Conner, Advanced Micro Devices — all have huge operations in Penang. Malaysia's Silicon Island, Electronics is the country's biggest manufacturing industry and Malaysia the world's largest exporter of semiconductors.

Across Malaysia, 200,000 people are employed in the electronics industry, and the industry has made Penang its home. "Acer has more than 10 offshore plants, including ones in the United States, Europe, Australia and Japan, but Penang is still our best site," says Stan Shih, the chairman of Taiwan's Acer Inc. Acer's Penang plant makes 2 million color monitors a year.

Just as the country has been transformed, so have its companies. Sime Darby is an example. Once a sleepy plantations company, it is now a Kuala Lumpur-based regional multinational with 200 companies in 21 countries and 32,000 employees. Its assets equal about 5 percent of Malaysia's GNP.

Ahmad Yahya, Sime Darby's deputy executive chairman, bridges the notion that the country's highest company has lost interest in plantations. "It's not really true. We have the same acreage now as when I joined the company. Plantations are 10 percent of the profitability of the group, compared with 65 percent before. It's the buildup of the other businesses that has coined this phrase 'diversification.'"

Sime Darby the plantations giant is now running a travel agency in Hong Kong and a resort in Florida, distributing bicycles in Australia and condoms in Britain, selling insurance in Thailand and making tires in the Philippines. "We are taking steps to ensure the Sime Darby name will be more well-known internationally," says Nik Mohamed, Sime Darby's 44-year-old group chief executive.

Last year, Sime Darby opened a 37 million ringgit (\$13.5 million) tire technology center. Lots of Malaysian companies are taking similar initiatives. They must do so — Malaysia is becoming a victim of its own success. With more jobs than workers, wages are rising fast. Malaysia is no longer an ideal location for labor-intensive, assembly-type manufacturing operations. For their survival, Malaysian companies must master the latest technologies.

Famously forthright, Rafidah Aziz, the minister for international trade and industry, puts it this way: "The time has come to take domestic manufacturing to a higher level. We have to develop Malaysian capability in the more complex stages of technological advancement. By this I mean innovative technology, design and engineering technology."

Welcome to Proton, the maker of the national car — and a robust example of a local company that has triumphed in a high-technology field. Last year, Proton sold over 88,000 cars in Malaysia — 10 times the volume of its nearest rival. On home turf, it has an astonishing 73.5 percent of the market.

Ahmad, Proton is also doing well. Last year, 18,525 Proton cars were sold in Britain, giving the company 1 percent of one of the world's most competitive car markets. Britain is Proton's best overseas market, with over 70,000 units sold. "Now we are in the first stage of planning for France, Germany and Belgium," says Mohamad Nadzmi, Proton's young managing director.

A decade ago, Proton was scorned as an expensive ego trip for the national leadership. Now, it is a beacon of light for Malaysian manufacturers. S.A.

From consumer appliances to microchips, manufactured items now account for 70 percent of exports.

A LOOK AT THE NUMBERS

- In the years 1980-92, Malaysia rose from 40th to 24th on the chart of the world's top exporting nations. During the same period, it rose from 40th to 23rd on the world import table.
- Net international reserves of the Central Bank amounted to \$22 billion at the end of 1993, double the 1991 figure.
- The total output of the 58 main manufacturing industries in Malaysia rose 19.1 percent in 1993.

WITH FINANCING DEAL, THE MARKETS COME OF AGE

Late one afternoon in September 1992, the electricity all over peninsular Malaysia went dead. Francis Yeoh, the managing director of YTL Sdn. Bhd., a local infrastructure company, sensed a business opportunity. The Malaysian economy showed every sign of continuing its five-year record of 8 percent of higher annual GDP growth, but unless the need for massive amounts of new power generation were addressed, the country's phenomenal growth would grind to a halt.

Within a few months, Malaysian government and business had found the answer. Independent Power Producers (IPPs) would build power plants and sell the electricity generated to the national power carrier. YTL obtained equity in two stations which, when completed, would produce

1,212MW of power, the equivalent of 20 percent of the country's present electricity demand. The projected cost was more than \$1.2 billion — an amount equal to 2 percent of Malaysia's 1993 GDP.

Teo Kok Lim, an equities analyst for Baring Securities (Kuala Lumpur) refers to the deal that ensued as "the coming of age of the Malaysian capital markets." The deal proved that the domestic banks could handle long-term project financing on a non-recourse basis and without a government guarantee. Moreover, the deal provided a safe home for the Employee Provident Funds (EPF), a government-run program of enforced savings with funds of more than \$25 billion. According to Mr. Lim, the government had been looking for long-term investments with a guaranteed return.

Analysts have long considered Malaysia to have one of the most sophisticated capital markets in the developing world. Shares have been traded in the country for over 120 years, and the capitalization of the equity markets over the past six months has fluctuated between three and six times the country's GDP. "The market here is sophisticated enough for financial innovation rather than imitation," says Richard Hall, YTL's finance director and a former investment banker. "This deal has been called the

financing model."

The deal included 1.5 billion ringgit (\$550 million) in fixed-rate, long-term debt. "That's their biggest achievement," says Mr. Lim. The 15-year bonds, with a fixed rate of roughly 10 percent, issued last November, were bought by the EPF. "There are a lot of pent-up savings in the region, such as those held in the EPF," adds Mr. Hall. "But they have not found a way to channel these savings into financing of infrastructure until this project."

The rest of the financing package, consisting of 1.6 billion ringgit in a 15-year, floating-rate commercial loan, was oversubscribed by the local banks. Interest is pegged at 1.75 percent above the BLR of Bank Bumiputera, and 1.5 percent over the BLR after cash flow commences. One of the German underwriters of the deal arranged to buy 711 million Deutsche marks to speed up the financing. The remaining 15 percent of the financing costs are to be

most entirely by debt. "When we first started looking at how to fund the project, we did a search to North America for greenfields, power projects and bonds, and could not find any precedents."

According to Mr. Hall, local financing saved YTL risk, money and headaches. Because the deal is financed entirely in Malaysian currency, YTL is not exposed to currency risk. Because it

was rated by the local ratings agency, Ratings Agency Malaysia, YTL did not have to deal with the added burden of country risk. "RAM doesn't factor in country risk to its ratings," he says. "However, S&P and Moody's do. They give Malaysia a single 'A' rating, which increases the cost of financing."

But you didn't see them putting a country risk rating on the United States during the Vietnam War, when hundreds of thousands of people were marching in the streets, or during the LA riots.

Malaysia's capital market has become sophisticated enough for financial innovation.

Malaysian Financing Model.

The deal set a number of records in Malaysian finance," says Mr. Hall. "It was the largest financing package ever in Malaysia, the largest bond issue ever and the largest foreign-exchange transaction done through a commercial bank. It was the first time such a deal was put together in Malaysia guaranteed by the project, not by the government."

Moreover, adds Mr. Hall, the YTL deal was the first greenfield project in Southeast Asia to be funded

through equity contributions from YTL and its partners.

Despite this imbalance, the government has decided that it will not give any special incentives and assistance to the manufacturing sector. Mrs. Aziz has said that the time has come for local manufacturers to "act on their own volition" and be motivated by the necessity to survive in the heat of international competition, rather than by government incentives.

In January, a trade mission to ASEAN members received pledges of \$360 million in potential investments and \$84 million to exports.

INCREASED AUTONOMY FOR TRADE SECTOR

Continued from page 12

ther cut import tariffs in an effort to ensure that its homegrown products continue to gain access to lucrative foreign markets.

The government is also urging Malaysian companies to boost exports by launching their own international consumer brands instead of acting as contract manufacturers for foreign companies.

Malaysia's manufacturing sector continues to grow faster than agriculture and mining, creating 125,000 new jobs and accounting for 30 percent of gross domestic product last year. To keep

the momentum going, the government has called for a "trade-up" to technology-intensive, high-revenue-generating operations — similar to what has already taken place in nearby Singapore.

The Sixth Malaysia Plan, the most recent blueprint for national development, called for \$30 billion in investments during 1991-93. Ninety percent of this figure was met. The government's goal of having a 60:40 split between local and foreign content, however, was not reached: just 43 percent of new investment came from domestic sources.

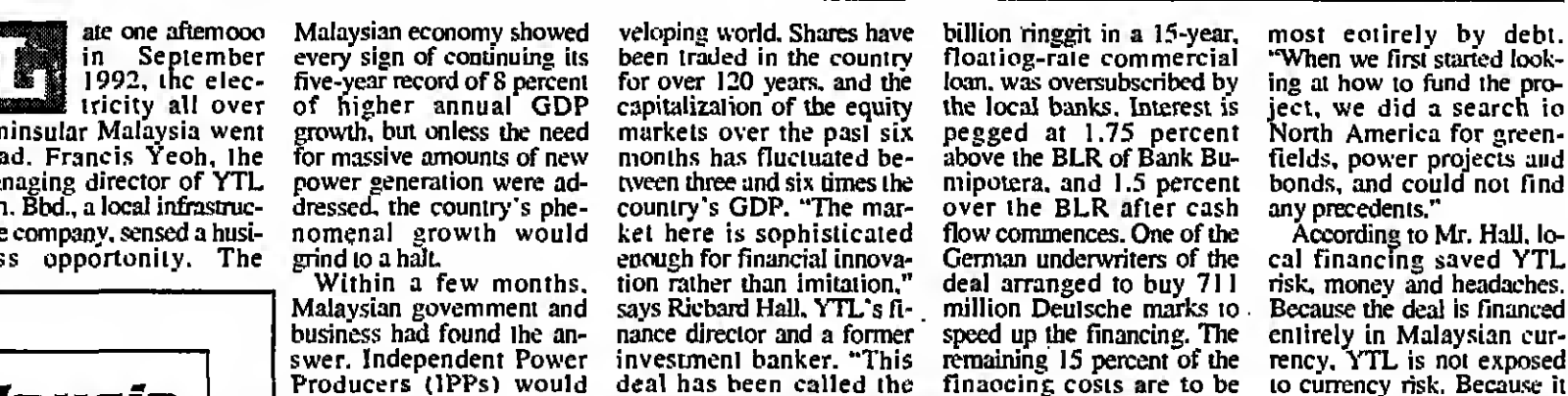
Julia Clerk



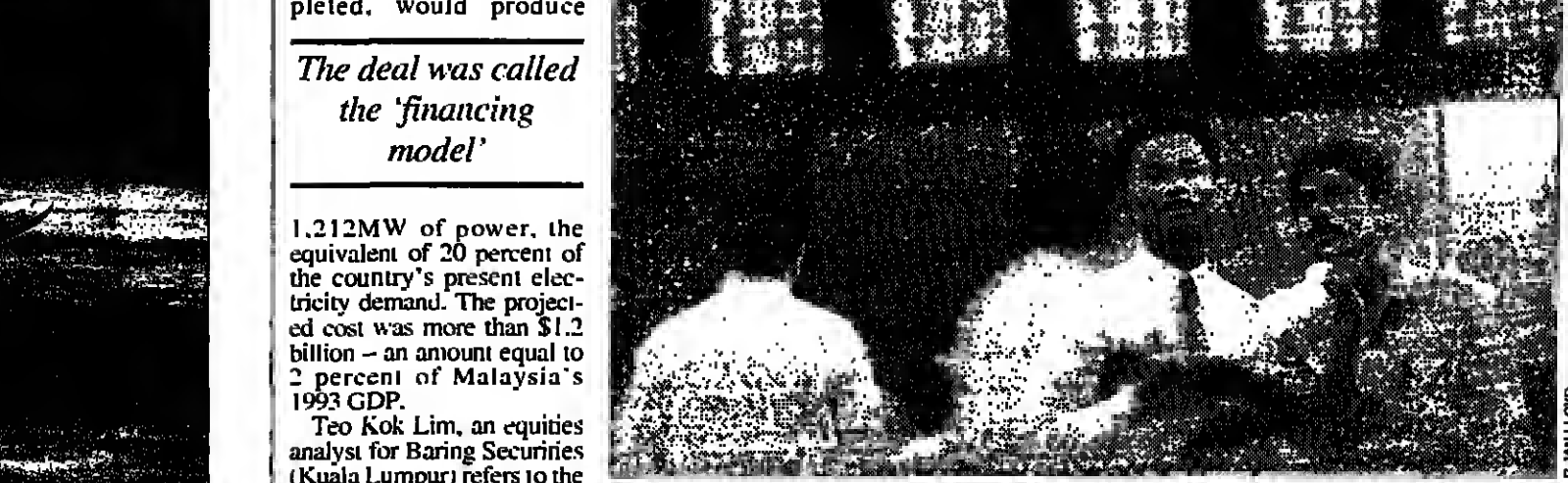
From consumer appliances to microchips, manufactured items now account for 70 percent of exports.



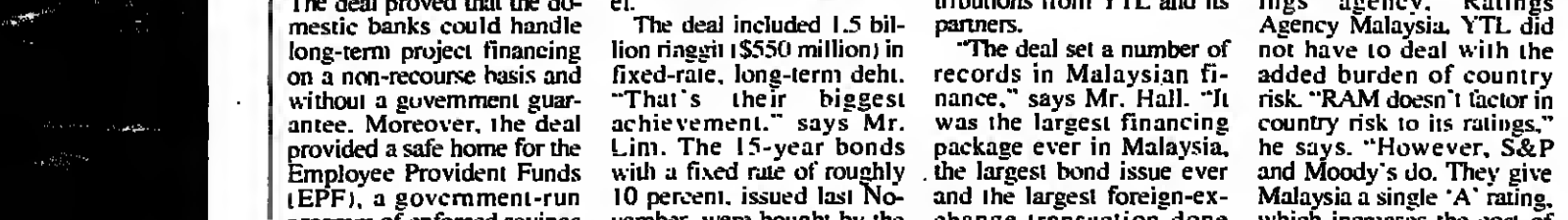
With financing deal, the markets come of age.



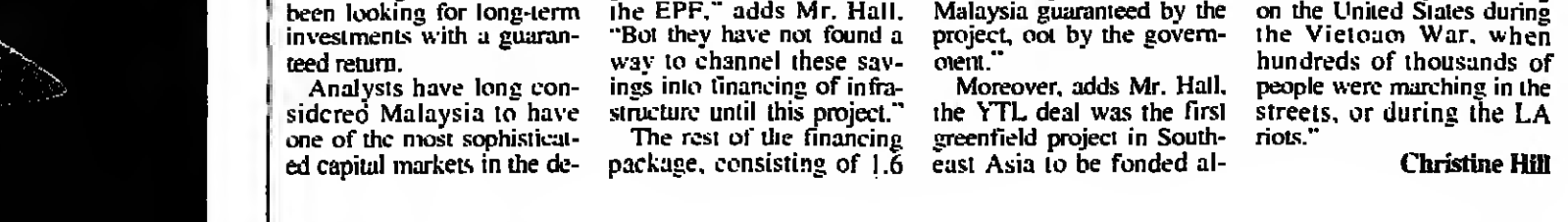
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1,212MW of power, the equivalent of 20 percent of the country's present electricity demand.



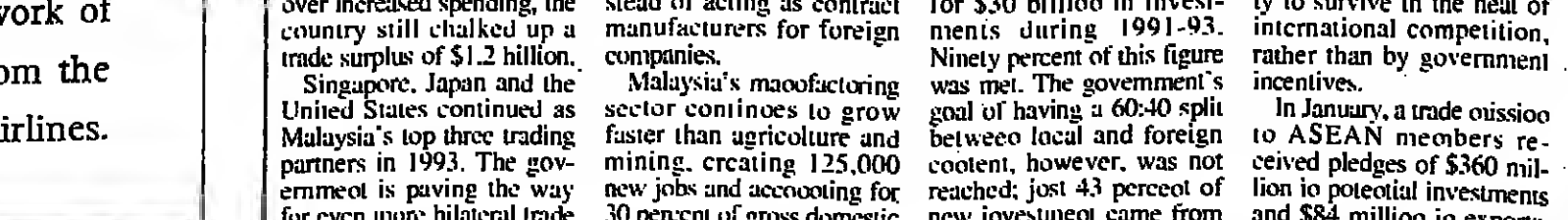
Malaysia's capital market has become sophisticated enough for financial innovation.



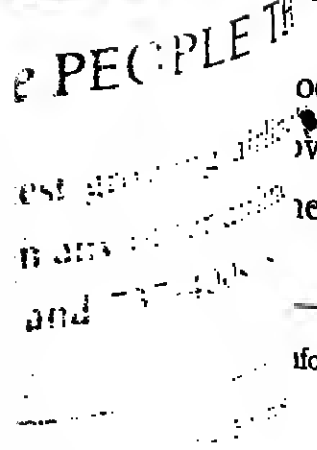
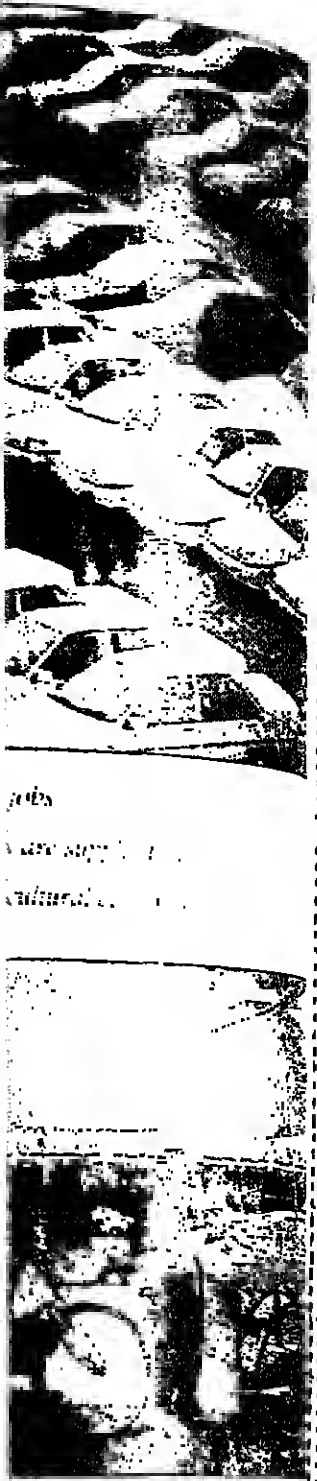
Malaysian Financing Model.



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MALAYSIA

PRIVATIZATION GIVES NEW SPARK TO POWER SECTOR

Private companies have the money, and the mandate, to solve Malaysia's energy problems.

Listed on the Kuala Lumpur Stock Exchange, now the size of Singapore's and Bangkok's combined, are the country's largest shipper, largest airline and largest port — all once government-owned and government-run. Also privatized are the electricity company Tenaga Nasional and the telecommunications company Telekom Malaysia — which together make up 40 percent of the capitalization of the stock market.

Malaysia is convinced that the sell-off has helped it circumvent the heavy overloading of infrastructure and consequent breakdowns that plague other countries in the region.

The government seems determined to get out of as many businesses as possible. Why? In the words of Anwar Ibrahim, the finance minister: "It is by now evident that economic activity is better governed by market signals than by administrative directives." In the words of Mahathir bin Mohamad, the prime minister: "Self-interest will ensure that utilities and other government-owned corporations transferred to the private sector, either fully or partly, will be better run, more efficient and profitable."

These dictums are about to be tested by five Malaysian companies, each with a contract to build and run power stations. Malaysia estimates it will need an installed capacity of 25,000MW by the year 2020, up from 6,155MW

now. The bulk of that will come from the independent power producers (IPPs). Malaysia should soon have more generating capacity from IPPs than any other country in the world. "The

Analysts think Malaysia can be a top generator

way things are going, we're going to have electricity coming out of our ears," says Steven Wong, chief strategist at stockbrokers UMB Securities in Kuala Lumpur. Along with other analysts, he wonders whether there are even a couple of IPP projects too many.

Tenaga Nasional will buy power from the IPPs. It may also be obliged to let them

get involved in transmission and perhaps even distribution. It views the IPPs as colleagues rather than competitors. Says Ani Arope, Tenaga's executive chairman: "We would like to create a win-win situation where every party involved will get comfortable returns on the power generation business."

Foreign companies can join in the private-power bonanza, but are limited to a 25 percent stake of the equity.

Tenaga is also entering joint ventures as a majority stake holder with state-owned companies in the Associated Power Producer (APP) format. Five state governments have already signed up for APP deals.

The five IPP plants approved so far will be powered by gas piped in from Malaysia's massive offshore fields. Tenaga, which only

started using gas in 1991, now relies on it for 38 percent of its fuel needs. Gas utilization is expected to nearly double by the end of the decade, mostly at the expense of crude oil.

Kuala Lumpur expects that it can generate electricity cheaply enough to supply its partners in the Association of South East Asian Nations: Indonesia, the Philippines, Singapore, Thailand and Brunei.

Analysts think Malaysia can be a top generator, too. It has lots of natural gas for fuel, the ability to raise capital for plants cheaply and, after its first flush of IPPs, the management and technological capability.

In terms of foreign sales, its ace in the hole will be Bakun, a proposed hydroelectric scheme in the East Malaysian state of Sarawak.



New power plants will be supplied by gas piped in from Malaysia's offshore fields.

The contract for this \$5.5-billion project was awarded in February to Ekran, the listed flagship of local financier Ting Pek Khing. It is Malaysia's largest private

tized power project to date — possibly the largest in the world. Bakun involves the clearing of around 200,000 acres (80,000 hectares) of forest to

make way for a dam and a 2,500MW power plant deep in the heart of Borneo island. The dam will stem the Rejang river, creating a lake the size of Singapore. S.A.

MALAYSIA EVERGREEN

managing for perpetuity



Malaysia is proud of its rich heritage of forest.

Malaysia's forest management, which began in 1901, is second to none among tropical countries and has succeeded in maintaining a high percentage of Malaysia's land under forest, much more than even most developed countries.

Malaysia values its forest, not only for the benefits derived from commercial logging, downstream processing and extraction of non-timber products, but equally for its ecological and environmental protective role. Aware that sound forest management is vital, Malaysia has striven to strengthen sustainable forest management, policy-wise and implementation-wise.

Malaysia is well on the way to fulfilling the objective of sustainable forest management on the basis of ITTO (International Tropical Timber Organisation) guidelines through:

- ▶ strong commitment by the Malaysian Government, Federal and State, to manage the forest for present as well as future generations;
- ▶ progressive improvement of forest services and strengthening R & D, through the Forest Research Institute of Malaysia (FRIM) which is acknowledged as the world's leading research organisation on tropical forest;
- ▶ successful diversification of the Malaysian economy, with less necessity to convert forest land to agriculture in the future;
- ▶ progress in poverty eradication, including the provision of social and economic opportunities for forest dwellers, which effectively reduces shifting cultivation practices on forest areas;
- ▶ promotion of eco-tourism where tourists can enjoy Malaysia's extensive natural forest, national parks, wildlife sanctuaries and nature reserves.

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AIR CARRIER PLANS GLOBAL PRESENCE

Malaysia's air transport industry is currently in the midst of major changes, developments that will greatly improve passenger service and scheduling both at home and abroad.

At the forefront of the changes is Malaysia Airlines, the national carrier, which has embarked on an aggressive expansion and improvement scheme, part

of the company's overall drive to become a "global airline" by the year 2000.

Two years ago, the airline announced the largest and most expensive aircraft modernization program in aviation history, a venture that will eventually cost about \$5 billion. At the same time, it is rapidly expanding its international route network.

New routes to Osaka and Buenos Aires

At the end of March, Malaysia Airlines is set to become the first Southeast Asian airline to fly to South America, with a new service from Kuala Lumpur to Buenos Aires. Two other recent additions to the route network include Rome and Cape Town. By the end of this year, it is planning to add its 58th international destination: Osaka, Japan.

The company's current five-year program also calls for increased excellence in service, in-flight facilities, ground support and infrastructure.

"We will continue to improve our products and to enhance our customer services in tandem with modern technology, at the same time taking into consideration cost control," says Zawah M. Aruf, the airline's customer relations and media manager, adding: "This will not be at the expense of service excellence."

After living for years in the shadow of more renowned carriers like Singapore Airlines and Thai International, Malaysia Airlines is finally starting to turn some heads. Last year it was rated best in first-class service in a survey of 31 carriers conducted by Inflight Research Services, a British-based consultancy. In fact, the airline topped several categories, including cabin staff courtesy, meal presentation and meal quality, and it was also praised for the sincerity and enthusiasm of its cabin crews.

Malaysia Airlines is also drawing plaudits for its in-flight entertainment and communication services. For instance, first- and business-class passengers on Boeing 747-400 flights have access to in-seat personal televisions with 12 dual-language video channels and seven computer games.

In addition, all 747-400 planes offer cordless telephones — allowing passengers to communicate with any city in the world — as well as the high-fidelity sound of a compact-disc audio system offering a wide selection of music.

"This is state-of-the-art audio reproduction technology," says Ahmad Ilias B. Aziz of the company's technical services department. "[It] produces an excellent signal-to-noise ratio and a dynamic audio output that is free from the noise buildup normally encountered by the conventional tape reproducer."

Currently the airline is evaluating a system known as Interactive Cabin Management, which provides the latest in in-flight entertainment and service, including live radio and television broadcasts, stock-market quotations and weather reports; games and competitions; and laptop computer and facsimile communications as well as incoming message reception and paging.

The system would also allow passengers the convenience of booking and confirming continuing flights, car rentals, hotels, restaurants and theater tickets. Computer software demonstrations and catalog shopping would be available.

Malaysia Airlines is also set to become a major player in the air-cargo business. Last year, the airline transported 163,000 tons of cargo, and this is expected to increase significantly in the upcoming years.

"In view of the high GDP growth of 8 percent experienced by the Malaysia economy, we are continuously monitoring capacity demand out of Malaysia to service the growing market," explains Mrs. Zawah.

Malaysia Airlines plans to make Kuala Lumpur a major cargo transshipment center in the region. A significant development will be the provision of 200 million ringgit (\$14 million) worth of warehousing facilities at the new Sepang Airport when it is completed in 1998.

The expansion drive coincides with increased competition from foreign carriers and a sharp drop in company profits. The Malaysia Airlines Group posted a \$61 million pretax profit for the 1992-93 financial year, a 32 percent increase from the previous period. Profits were down sharply (96 percent), however, in the first half of the current financial year.

The company's chairman, Zain Atrai bin Zainal Abidin, blames the profit slump on a severe drop in passenger and cargo traffic growth rates linked to recession in the industrialized countries; "Intense price competition due to excessive capacity in the international route network and a strong ringgit further diluted yield," he explains.

Competition is set to increase still further this fall, when Malaysia's second international carrier, Air Asia, begins operations with charter services to tourist destinations like Istanbul and Uzbekistan. By the first quarter of 1995, Air Asia hopes to offer services to destinations in Indonesia, Vietnam, China, Japan, Hong Kong and India.



THE MALAYSIAN TIMBER INDUSTRY DEVELOPMENT COUNCIL

For more information please contact: The Malaysian Timber Industry Development Council, 9B, 9th Floor Bangunan Arab Malaysia, 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia. Tel: 03-2323999 Fax: 03-2386376

MALAYSIA

ENVIRONMENTAL APPROACH
TAKES BULL BY THE HORNS

Malaysia is serious about sustainable development, and Prime Minister Mahathir bin Mohamad does not mince words about it.

Small wonder that Mr. Mahathir is regarded as one of the world's prickliest politicians — he tells it like it is. Here is what he said at the 1992 Earth Summit in Rio de Janeiro: "When the rich chopped down their own forests, built their poison-belching factories and scoured the world for cheap resources, the poor said nothing. Indeed, they paid for the development of the rich. Now, the rich claim a right to regulate the development of the poor countries."

Harsh words, perhaps — but they come from a convert to the doctrine of sustainable development. "Nowadays, if you want to interest the PM in a project, you'd better make sure it has a green theme," confides Florence Tan, the managing director of Suria Eksklusif, the company that is develop-

ing a \$6 billion theme park in Kedah, a state in the northeast of peninsular Malaysia.

Malaysia now takes its international environmental responsibilities very seriously. After quibbling over the terms, it will sign the Montreal Protocol on phasing out ozone-gobbling chlorofluorocarbons. After pointing out that few developing countries have anywhere near as much area under forest, Kuala Lumpur has nevertheless cut back logging and pledged that half the country will remain under forest cover forever.

Malaysia is making it worthwhile for private companies to play the leading role in environmental management. Last year, Indah Consortium was awarded a 28-year concession for the operation of the country's entire sewage system. Indah links the Berjaya Group with Britain's North West Water. It plans to spend over \$2 billion on what is the country's largest privatized project to date.

"As you know, we don't really treat sewage in Malaysia," Mr. Mahathir admitted to reporters when he signed the contract with Indah. Indah is not taking over a national sewage system; it is cobbling one together with the assorted pipes and plants it has acquired from local authorities.

Indah was aware of the scale of the challenge. Before making an offer for the network, Indah picked it over for six months. "We realized then that we would have to refurbish the system," says David Chew, Indah's managing director.

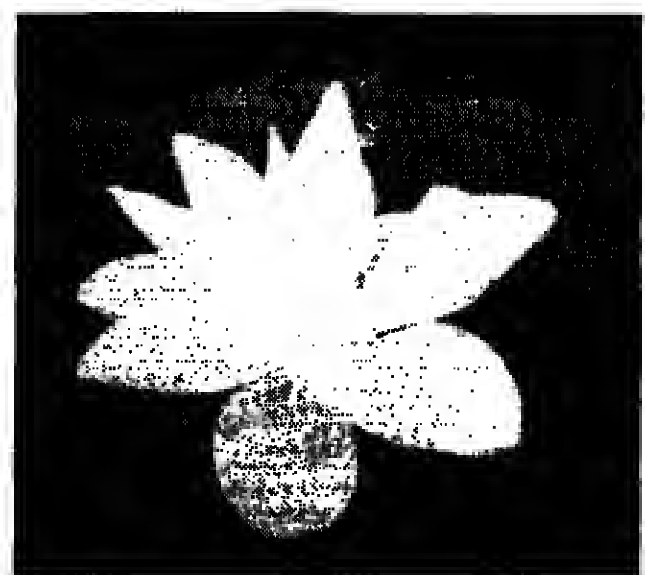
The award to Berjaya came as no surprise. Mr. Mahathir likes hyperambitious entrepreneurs with a can-do mentality, and Berjaya's Vincent Tan personifies the breed. "I would like to build a business like Korea's Samsung or Daewoo or Hyundai," says Mr. Tan, a 41-year-old former insurance salesman who has parlayed a McDonald's franchise into a group of 180 companies.



Also entrusted to private hands is the country's first centralized toxic-waste management facility. This \$75-million project at Bukit Nanas in the state of Negri Sembilan, with its related storage and feeding stations in the regions, will be a boon

to manufacturers. Electronics companies, particularly, have complained about the absence of a proper dump. They have had to store noxious substances on their premises — or ship them to toxic-waste plants abroad. The Bukit Nanas plant,

owned by Kualiti Alam, should be up and running by the end of this year. Kualiti Alam is a joint venture be-



Much of Malaysia's forest remains intact and serves as a sanctuary for its wildlife.

tween Denmark's I. Kruger and two Malaysian companies, Arab-Malaysian Development and UEM.

Selling off environmental services, for instance sewage and toxic-waste disposal, makes good sense. In an increasingly prosperous country like Malaysia, consumers are prepared to pay for a cleaner environment. Companies like Indah Consortium and Kualiti Alam, by engineering a safer environment, can make good profits — and pay taxes to the government.

Proper pricing is another principle that is making its way into the forest, driving up the value of shares in timber companies. More important, it is giving them the incentive (and the cash) to invest in state-of-the-art wood-processing plants.

To conserve the forests, the government is cutting back on log exports and logging quotas. This drives up the price of logs, encouraging timber companies to add the most value they can to their dwindling quotas.

Log exports, most of which go to Japan, dropped by half last year. Industry exports, however, were up 7 percent, to around \$4.1 billion — with furniture exports up one-third to \$881 million (ringgit (\$326 million)).

Kuala Lumpur banned log exports from peninsular Malaysia in 1985. Come 1996, it will stop log exports from Sabah. The neighboring state of Sarawak, which currently accounts for 75 percent of Malaysia's log exports, is expected to halt shipments of logs by 2000. S.A.

HOW ONE COMPANY IS RIDING THE TELECOMMUNICATIONS WAVE

Over the last four years, Technology Resources Industries Berhad has grown from a small, local electronics company into one of Malaysia's fastest-growing companies.

Although it was founded nearly 30 years ago, TRI did not catapult into double-digit growth until 1990, when it merged with a small mobile-phone business, called Cellular Communications Network (Celcom), recently privatized by the government in a split from Telekom Malaysia.

Under the leadership of Chairman Tajudin Ramli, TRI is currently involved in a wide variety of business ventures, including mobile phones (Celcom), helicopter charter (Malaysian Helicopter Services), maritime shipping, property development, plastics and box manufacturing.

TRI's latest venture is a 32-percent stake in Malaysia Airlines, obtained last December. Mr. Tajudin is expected to take over as chairman of the airline in the next few months.

Despite the airline deal, communications is still TRI's core business. Celcom has grown phenomenally since its split from Telekom Malaysia, the national telephone company. The original target was to secure 3,000 mobile-phone subscribers during the first year of operation, but the final figure was closer to 8,000. Within two years, Celcom was enlisting 6,000 new customers each month. By August 1993, the new customer figure had reached 16,000 per month.

Mobile-phone demand continues to expand at a brisk pace. As a result, Celcom has accelerated its capital investment program, already in excess of \$312 million. Some \$117 million was set aside for new capital expenditures in 1994, but management is looking at new numbers in excess of \$195 million to cater to the expanded customer base and implement new services.

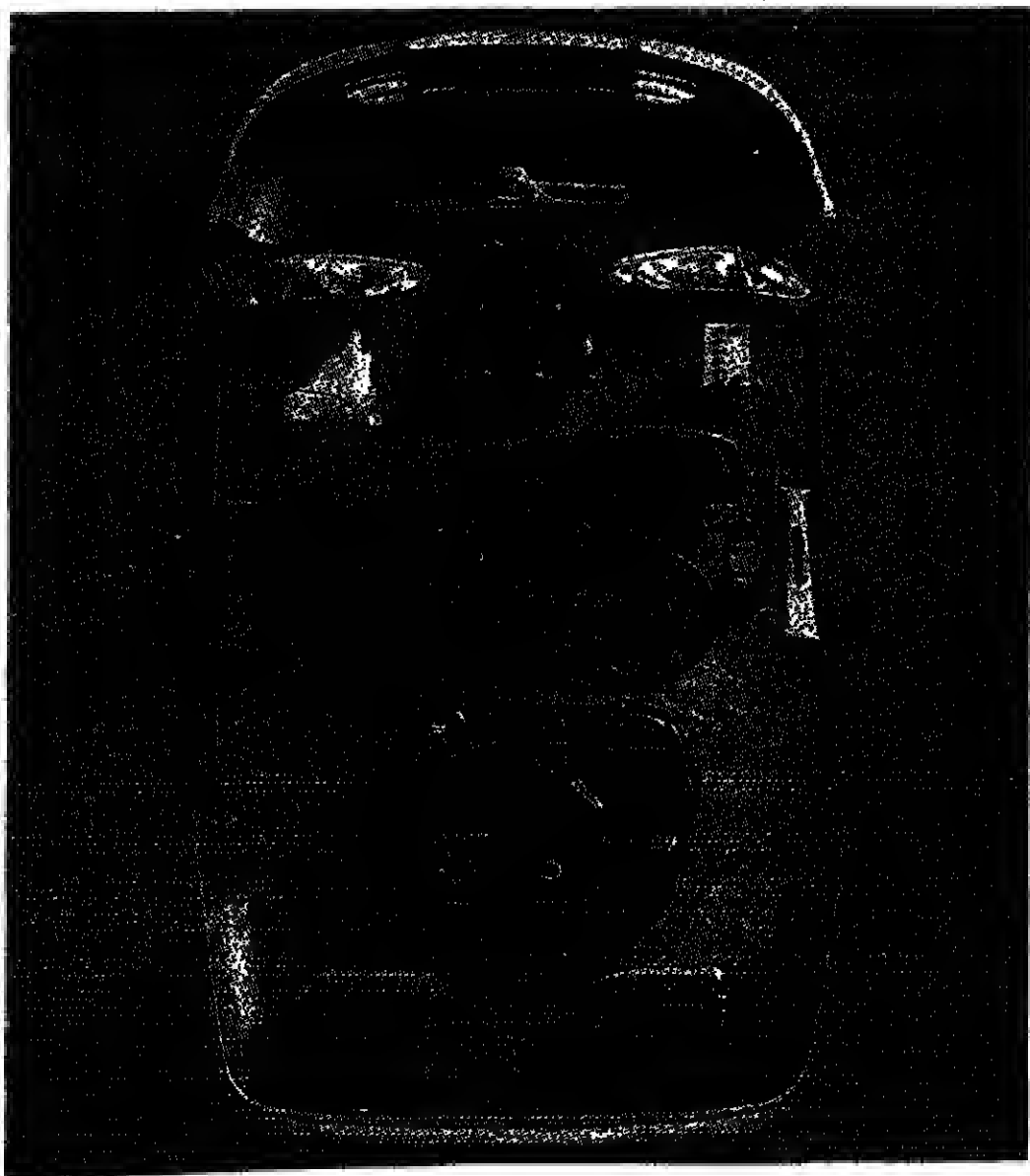
By the end of last year, Celcom had more than 200,000 subscribers — more than two-thirds of

the Malaysian mobile-phone market. The company forecasts 350,000 customers by 1996 and one million by the turn of the century.

TRI is also expanding overseas. In 1992, the company launched a joint venture with Cambodia's Department of Post & Telecommunications to develop a national cellular communications grid. With a 70 percent stake, TRI estimates that it will invest \$30 million in the Cambodia project.

Joseph R. Yagerst

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FASCINATING MALAYSIA

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TOURISM MALAYSIA

ADVERTISING SECTION

COMMUNICATIONS
SEES HIGH DEMAND

As in many of the rapidly growing economies in Southeast Asia, the telecommunications industry in Malaysia is booming, barely able to keep pace with surging demand among both business and home users.

Across the board, Malaysians are hungry for more telephone technology and better communications infrastructure. The challenge to convey voices and data is even greater in Malaysia than some neighboring states because of the vast distances involved and because much of the country is covered with forest and mountains.

Malaysia, however, is catching up fast. Following the privatization of Telekom Malaysia in 1987, the government has continued to liberalize the industry, allowing for the introduction of competition in all segments of telecommunications.

Rashdan Baba, executive chairman of Telekom Malaysia, says this new phase is favorable to industry, customers and the nation as a whole. "Huge investments are being channeled to satisfy anticipated growth in demand as well as to gain a strategic share of the market," he declared at a national business conference last fall.

Indeed, both local and foreign investors are flocking to the Malaysian telecommunications sector. The Ministry of Energy, Transportation and Posts estimates that more than 16 billion ringgit (\$5.9 billion) will be invested in switches for local, long-distance and international networks, cellular and satellite networks,

and software and management systems over the next five years.

"A well-developed telecommunications infrastructure will give Malaysia an added advantage to increase economic competitiveness in the long run," says Thomas Nilsson, Jr., group managing director of AT&T in Malaysia, adding that the Malaysian government has already laid the groundwork to encourage foreign investment in technology-driven industries.

Mr. Nilsson thinks the biggest challenge for Malaysia's telecommunications industry is the development of infrastructure that is able to support the country's vision to be a self-sufficient and fully industrialized nation by the year 2020.

"Businesses and industries are growing at a fast pace," he explains. "Demand for superior and efficient communications services, as well as innovative and cost-effective systems and products, will go hand in hand with this development."

Telekom Malaysia is giving priority to network development. Major accomplishments to date include the recent completion of a nationwide digital transmission network and a support system for future long-distance capacity that provides diversity in the trunk microwave system to cushion the impact of system failures.

Providing ordinary telephone service continues to be the primary goal of Telekom Malaysia. There are currently 2.3 million telephone access lines in the country, amounting to 12.3 percent penetration, an increase of 4.3 percent since privatization in 1987. Since



There is competition for all segments of telecommunications.

then, growth of direct lines has exceeded 14 percent per year.

The private sector is also helping. Celcom, the nation's largest mobile-phone company, recently installed a \$40 million microwave network to ease line congestion problems that were affecting the nearly a quarter million cellular-telephone subscribers. A nationwide fiber-optic network is being constructed by Time Telecommunications to provide the foundation for advanced intelligent network services.

In addition, Malaysia is now moving into the global satellite business. One of Celcom's sister companies has entered into a joint ven-

ture with an American company to launch a Russian-made satellite for commercial purposes. The first launch took place in Siberia last November. Meanwhile, Binariang Network has been given government approval to launch a Malaysian-owned and -operated satellite next year to provide core data communication, telephone links to remote areas of Malaysia and television service.

"It takes nimbleness, flexibility and responsiveness for businesses to succeed in the global marketplace," says Mr. Nilsson. "Helpful and reliable global networking systems will assist them in doing just that."

J.C.

TOURISM COURTS A WIDER MARKET IN '94

Malaysia is already well on its way to becoming one of the leading industrial powers of Southeast Asia. But the country has also found another way to stimulate its economy: tourism. In less than a decade, Malaysia has gone from having practically no organized tourism to being one of the most aggressive holiday marketers in the Asia-Pacific region.

Malaysia may have entered the tourism market later than its neighbors, but it is quickly making up for lost time. Last year, the country welcomed 6.45 million tourists, and tourism earnings reached \$1.7 billion, a 15 percent rise over 1992.

This year, the government hopes to earn \$1.8 billion from 7 million tourists. According to Sabbaruddin Chik, minister of culture, art and tourism, the number of visitors is expected to grow between 7 percent to 8 percent yearly for the rest of the decade, reaching 12.5 million arrivals by the year 2000.

"Malaysia is comparatively new in tourism," says Mr. Sabbaruddin. "For quite some time, we relied on commodities — tea, rubber, palm oil, petroleum — and manufactured goods."

The government only became concerned about promoting tourism after the collapse of several important commodity markets in 1986, a circumstance that caused Malaysia's growth rate to drop to minus 1 percent. Tourism was identified as an encouraging growth area, but Malaysia faced severe competition from other well-established regional destinations like Hong Kong, Singapore, Thailand and the Philippines. "We were struggling," Mr. Sabbaruddin admits.

Infrastructure was a major problem, especially the lack of modern airport facilities and international-standard hotels. Few Malaysians seemed interested in nurturing tourism beyond the region. Meanwhile, Western knowledge of Malaysia was scant. "We had to tell people that we were north of Singapore, southwest of Vietnam," Mr. Sabbaruddin adds.

Still, the choice was clear: Malaysia could let tourism creep along at a snail's pace or push it into the fast lane. "Tourism is like a tree," says Mr. Sabbaruddin. "Left alone, the tree may survive. But with fertilizer, it will bear more fruit."

The first dose of fertilizer was the formation of the Ministry of Tourism seven years ago. That was quickly followed by Visit Malaysia Year 1990, a special program to give the tourism industry a shot in the arm. It bore fruit: With a global promotion and advertising campaign, Visit Malaysia Year '90 brought a record 7 million people to the country.

In fact, Visit Malaysia Year was so successful that tourism authorities decided to stage another one this year. Six places have been identified for special emphasis during Visit Malaysia Year 1994: Kuala Lumpur, the nation's capital; the resort island of Langkawi; Mount Kinabalu in Sabah; the Dutch colonial town of Malacca; and the national parks at Taman Negara and Mulu.

In addition, different types of tourism activities are being singled out, including adventure, ecological, agricultural, sports and educational tourism.

Some of the categories may seem unrelated to the holiday industry — education and agriculture in particular

— but the Malaysians have devised unique ways to bring these activities into the realm of tourism.

"By encouraging people to study here, we get something like a tourist staying here for 365 days a year," says Mr. Sabbaruddin. "The student may not spend like a tourist, but he still has to eat and needs transport, etc. The families of the students will also come here for visits."

Agro-tourism is seen as a natural progression from Malaysia's nature-based tourism products. At the recent PATA Adventure Mart in Lahore, Pakistan, Malaysia's ministry of agriculture extolled the wonders of Malaysia's agricultural parks, plantation tours and similar attractions.

"We feel that there are lots of people who are interested

well on its way to positioning itself as a major golf center. The current total of 150 golf courses is scheduled to be increased to more than 200 by the end of the decade, including six fully lit night courses.

Overall, there are 36 promotions planned for Visit Malaysia Year 1994, including two international events designed to highlight Malaysia's natural beauty.

French-based Objectif Atlantide will move out of Europe for the first time ever, with a Scuba Dive Treasure Hunt off the coast of Terengganu in May. Twenty-five teams (including five Asian squads) will participate in the hunt. Then in September, Sarawak will host a Raid Gauloises non-mechanical adventure event — although details of the

THE TOURIST PROFILE

Tourists to Malaysia spend about 42 percent on accommodation, 21 percent on shopping, 20 percent on food and beverages and 7 percent on local transportation.

The top three visitor arrival months in 1993 were Singapore, Thailand and Japan.

The top three non-Asian visitor arrival months in 1993 were Britain, Australia and the United States.

Crises of visitors with the longest average stay: India (11.5 days), Britain (9.5 days) and the United States (8.4 days).

in agriculture," Mr. Sabbaruddin explains. "Some people are even prepared to go fishing, or at least go to the fishing villages to enjoy the atmosphere and learn about the life of a fisherman."

"We are also encouraging sports tourism," he continues, waving a list of 26 different sports. "Golf, hockey, basketball, even chess — we are becoming known as the chess center of this part of the world." Malaysia is also

event are being kept top secret.

Domestic tourism is another area that Mr. Sabbaruddin and his staff are emphasizing. Current occupancy rates indicate a 55:45 split between domestic and foreign tourists.

To stimulate domestic tourism, Mr. Sabbaruddin says that Malaysians must overcome the sentiment that "foreign is better" when it comes to holidays. J.C.

Message from the
Group Chief
Executive Officer

In recent years, Malaysia's unprecedented growth resulted from many factors including sound management by our government, the country's good work ethics, readily trainable workforce and strong investors' confidence.

Berjaya also responded to and benefited from this favorable business climate through expansion, acquisition and new start-up. It has always adopted the appropriate approach of adding developed and under-developed businesses that has significant long-term potential.

Our commitment to build expertise and quality through training and embracing technology has given us a good foundation to respond to new opportunities. This includes overseas expansion through the transfer of managerial expertise.

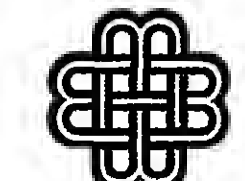
We will continue to develop our core businesses and expand to our government's plans and vision for Malaysia.

As we embark on another important phase of growth, we will continue to pursue business alliances through joint ventures and partnerships. I believe we are good business partners, and you have the desire to make Malaysia your base or have international ventures go with us and give us an opportunity to work with you.

Sincerely yours,

TAN SRI DATO' VINCENT TAN CHEE YOUN

BERJAYA GROWS IN TANDEM WITH MALAYSIA



BERJAYA
Strength In Diversity

The Berjaya Group of Companies' history dates back to 1984 when our current Group Chief Executive Officer Tan Sri Dato' Vincent Tan Chee Yoon acquired a major control of shareholding in Berjaya Industrial Berhad.

Through his entrepreneurial leadership, the Group has been transformed into a diversified entity through partnerships, acquisitions, joint ventures and new start-ups.

The track record from 1984 reflects Tan Sri Dato' Vincent Tan's vision and stewardship. The Group's financial growth over the past 9 years are highlighted below:



A few of the operating companies include:

CONSUMER MARKETING

Today, Singer Malaysia Sdn Bhd is the largest, longest-established distributor and retailer of consumer durables with the widest canvassing network.

The Catalog Shop Sdn Bhd has evolved from a direct mail to one-stop retailing centre that offers a wide range of quality furniture and electrical products.

Unza Group of Companies' operations today encompass manufacturing, marketing, sales and distribution of a comprehensive range of quality, branded toiletries and household items.

Texan (M) Sdn Bhd markets a full range of men's apparel locally, and Cartel Corporation Sdn Bhd, ladies' apparel.

Berjaya Sound Entertainment Sdn Bhd produces karaoke films and songs.

Homevideo Network (M) Sdn Bhd, is the authorised home video distributor for Warner, Walt Disney, Sesame Street and Columbia Tristar.

Cosway (M) Sdn Bhd is involved in the direct selling of a wide range of costume jewellery, cosmetics and health supplements through its 60,000 distributors.

Rapid Computer Centre (S.E.A.) Sdn Bhd develops and markets its own brand of children's educational computer software.

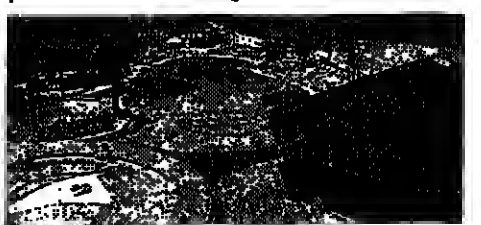


Singer Bangsar Showroom

LEISURE

Bukit Kiara Equestrian & Country Resort is the group's first wholly-owned recreation club with equestrian facilities. Kelab Darul Ehsan, a 70-acre 9-hole golf and recreational club, Staffield Golf & Country Club, a 340-acre suburb project and Bukit Jalil Golf & Country Resort to be an 18-hole golf club recreational club.

Berjaya Tioman Beach Resort has 207 acres of parkland with a beautiful golf course.



Berjaya Tioman Beach Resort, Tioman Island

Redang Island will be developed into 2 integrated tourist cum holiday resorts to be known as Berjaya Redang Country & Golf Resort, and Berjaya Redang Beach Resort.

Berjaya Langkawi Beach Resort, a natural-tourist beach resort sprawls over a 70-acre site on Pulau Bay, Langkawi Island.

Internationally, it has two choice properties in the South Pacific. Berjaya Hotel in Suva, Fiji and Berjaya Beach Resort & Casino in Mauritius.

In Kuala Lumpur, exquisite Oriental restaurants, Tsui Hang Village Restaurant, Oriental Pearl, Fortune Courts, Hanatei Japanese Restaurant and Jewel in the Crown, a North Indian cuisine restaurant, were set up.

Inter-Pacific Travel & Tours Sdn Bhd conducts tours, ticketing and foreign exchange through its outlets.

GAMING

In 1969, Sports Toto Malaysia Sdn Bhd was incorporated to run the toto betting business which was essentially the Government's effort to raise funds to promote and develop sports, youth and cultural activities.

Since privatisation in 1985, sales of Toto betting tickets have increased by over 700%. Sports Toto Malaysia has over 700 outlets throughout Malaysia.

PROPERTY

The Group has over the years successfully acquired prime commercial buildings located in Kuala Lumpur: Kota Raya Shopping Complex, Plaza Berjaya, KL Plaza and Wisma Stephens.

The Group currently owns and develops vast tracts of development land in Malaysia: Pines Condominiums, Petaling Indah Condominiums, Robson Condominiums, Lxora Apartments, Menara Greenview and Sri Dagangan Kuantan Business Centre, a 45-acre residential cum commercial development. Others include Sri Pelangi Apartments, Taman Kinrara, Tioman Horizon Condomotel and Taman Cemerlang. Berjaya Green Development Sdn Bhd, a landscaping and golf course development company, manages 3 golf resorts, Tropicana Golf & Country Resort, Bukit Tinggi Golf & Country Resort and Bukit Banang Golf & Country Club.

The Group is involved in the construction business through Bridgecon Engineering Sdn Bhd.

INDUSTRIAL

The Group has one of the largest vertically integrated textile groups specialising in yarn, knitted fabric and casual knitwear for internationally-renowned brands.

Singer Furniture (Malaysia) Sdn Bhd manufactures and sells timber-based furniture for domestic and international markets.

Finewood Products Corporation Sdn Bhd produces and sells furniture and timber-related products, with a significant export market.

Lionvest Corporation Bhd is involved in logging and timber related operations.

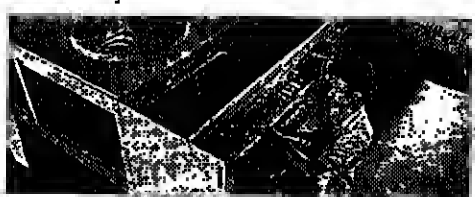
Shinca Sdn Bhd assembles electronic and electrical items for leading brands.

Topgroup Holdings Bhd manufactures domestic and commercial air-conditioners and accessories.

Inter-Pacific Packaging Sdn Bhd and South Island Packaging (Penang) Sdn Bhd, are involved

in producing corrugated carton boxes, industrial packaging and printing. South Island Plastics Sdn Bhd manufactures plastic bags and sheets.

LeRun Group Industries Berhad manufactures and sells bicycles.



Manufacturing of air-conditioners

FINANCIAL SERVICES

In March 1991, Inter-Pacific Capital Sdn Bhd was formed as a result of the merger of Inter-Pacific Securities Sdn Bhd, Eng Securities Sdn Bhd and United Traders Sdn Bhd.

Berjaya Prudential Assurance Berhad, a joint venture with Prudential Assurance Co. Ltd, Britain, provides life insurance services and is presently among the top 10 in the Malaysia life insurance industry.

Berjaya General Insurance Sdn Bhd, a joint venture with The Tokio Marine and Fire Insurance Co Ltd, Tokyo, is one of the top 10 and fastest-expanding general insurance firms.



Inter-Pacific Securities Sdn Bhd's trading floor

NEW VENTURES IN THE
FAR EAST AND BEYOND

Berjaya Group will be investing up to US\$100 million on various projects in China including the operation of a computerised welfare lottery in Guangzhou, Shenyang, Chengdu and Hainan undertaken by Berjaya Lottery Management (HK) Ltd.

In the Philippines, Berjaya has been selected to operate a computerised lottery system in Luzon.

Berjaya Lottery acquired a 40% stake in International Totalizator Systems, Inc (ITS), a US NASDAQ quoted company involved in the manufacturing of computerised ticket issuing systems and management of on-line lotteries. It also has a 43.8% interest in Wing Hung Kee Holdings, a property investment holding company listed in Hong Kong.

Berjaya has recently secured Asian-Pacific rights for a new fast food chain known as Kenny Rogers Roasters Restaurant.

In line with the Group's objectives to eventually build up a top class international chain of hotels and casinos, Berjaya acquired 3 hotels — Mahe Beach Hotel, Beau Vallon Bay Hotel and Praslin Beach Hotel in the Republic of Seychelles.

BERJAYA GROUP BERHAD • BERJAYA INDUSTRIAL BERHAD • BERJAYA LEISURE BERHAD • BERJAYA SINGER BERHAD • BERJAYA SPORTS TOTO BERHAD
For further information, please contact: Group Investor Relations, Level 16 Shahzan Prudential Tower, 30 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia. Tel: (6)03-2422622/2423155 Telex: MA32411 BCBKL Fax: (6)03-2444334

مركز الأخبار

MARKET DIARY

Rate Expectations
Burden Wall Street

NEW YORK — Jitters about whether the Federal Reserve Board will raise interest rates this week sent stock and Treasury bond prices lower Monday.

The Dow Jones industrial average fell 30.80 points, to 3,664.85. Declining issues outnumbered ad-

versaries by a 3-to-1 ratio on the New York Stock Exchange in moderate trading.

The benchmark 30-year Treasury bond fell 16/32 point in late trading, to 91 1/32, with the yield rising to 6.95 percent from 6.92 percent Friday.

Market focus is on the Federal Open Market Committee's meeting on Tuesday, which is widely expected to serve as a forum for the Federal Reserve Board to raise interest rates. The Fed raised rates higher on Feb. 4 for the first time in five years, causing a 96-point drop in the stock market.

"There's a lot of nervousness ahead of the meeting," said James Melcher, president of Balesera Capital. "And when investors are waiting and nervous the tendency is to sell."

Stocks also set back after Friday's late surge linked to the quar-

terly expiration of stock indexes, options and futures. Stocks often reverse course on the day after an expiration, analysts said.

Teléfonos de México's American depositary receipts were the most actively traded issue on the New York Stock Exchange, falling 1 1/4 to 58 1/2 in step with recent losses on the Mexican stock market.

Baltimore Bancorp was the second-most actively traded stock, rising 1 1/4 to 19 1/4 after news that First Fidelity would buy the bank for \$20.75 a share. First Fidelity slipped 1/4 to 45 1/4.

Among the active issues were three technology companies, with National Semiconductor rising 1/4 to 24 1/4 and Advanced Micro Devices gaining 1/4 to 30 1/4. IBM jumped 1 1/4 to 58 1/2, drawing interest after introducing a portable computer.

Auto stocks also were active, with Chrysler losing 1/4 to 57 1/4. Ford slipped 1/4 to 51 1/4 and General Motors falling 1/4 to 59 1/4. Ford received two bids for its unprofitable First Nationalwide Financial Corp. Duff & Phelps raised credit ratings on about \$8 billion of Chrysler debt.

Cadence Design Systems gained 1 1/4 to 15 1/4 after a Goldman Sachs analyst raised earnings estimates and a rating on the stock.

(AP, Bloomberg, Knight-Ridder)

Dollar Slips a Pfennig
As Market Awaits Fed

NEW YORK — The dollar eased Monday after climbing briefly above 1.70 Deutsche marks on speculation that the Federal Reserve Board will push interest rates higher when its policy-making panel meets Tuesday.

The dollar closed at 1.6895 DM, down from 1.6968 DM at the close

Fed Chairman Alan Greenspan and President Bill Clinton.

That meeting had dealers wondering whether the White House was trying to pressure the Fed into keeping rates where they are.

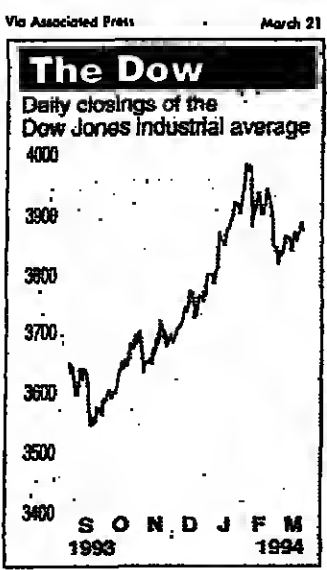
Another trader said a 25 basis point tightening by the Fed may already be factored into the U.S. unit's value. But if the fed funds rate is pushed up by 50 basis points, the dollar could surge to about 1.72 marks, he said.

In Chicago, a futures trader said a large rate rise could have the unexpected effect of hurting the dollar. He said a greater-than-25-basis-point increase could send securities markets sharply lower and thus encourage internationally minded investors to flee dollar-based assets.

Amy Smith, a foreign exchange analyst at IDEA, said that the dollar received a boost early in the New York session after the White House announced it was sending Patriot missiles to South Korea, but failed to breach resistance at 1.7025 DM and so was sold off again.

The dollar slipped to 1.4330 Swiss francs, down from 1.4415 francs, and to 5.6055 francs from 5.7810 francs. The pound fell slightly, to \$1.4885 from \$1.4905.

(Reuters, AP, Knight-Ridder)



NYSE Most Active

Vol.	High	Low	Last	Chg.
IBM	58 1/4	57 3/4	58 1/4	+1 1/4
Advanced Micro	30 1/4	29 3/4	30 1/4	+1/4
National Semiconductor	24 1/4	23 3/4	24 1/4	+1/4
Chrysler	57 1/4	56 3/4	57 1/4	-1/4
Ford	51 1/4	50 3/4	51 1/4	-1/4
General Motors	59 1/4	58 3/4	59 1/4	-1/4
First Nationalwide	58 1/4	57 3/4	58 1/4	+1 1/4
Duff & Phelps	58 1/4	57 3/4	58 1/4	+1 1/4
Chrysler debt	58 1/4	57 3/4	58 1/4	+1 1/4
Cadence Design	15 1/4	14 3/4	15 1/4	+1 1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4

NYSE Most Active

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Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
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Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
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Amgen	21 1/4	20 3/4	21 1/4	+1/4
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Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
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NYSE Most Active

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Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
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NYSE Most Active

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Amgen	21 1/4	20 3/4	21 1/4	+1/4
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Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4
Amgen	21 1/4	20 3/4	21 1/4	+1/4

NYSE Most Active

Open	High	Low	Last	Chg.
Indus	174.24	174.24	174.24	-18.25
Trans	174.24	174.24	174.24	-18.25
Unit	174.24	174.24	174.24	-18.25
Unit	174.24	174.24	174.24	-18.25

Standard & Poor's Indexes

Indus	574.15	572.15	574.45	-1.50
Transp.	580.55	572.15	578.45	-1.50
Telecom	172.51	171.49	171.52	-2.15

AMEX Stock Index				
	High	Low	Last	Chg.
	472.94	469.74	470.77	-2.19

Dow Jones Bond Averages				
	Bonds	Class	Chgs	
		101.80		-0.23

NYSE Indexes

NYSE Diary		
	Close	Prev.
Advanced	628	1071
Declined	1574	1091
Unchanged	379	634
total issues	2783	2784
New Highs	23	85
New Lows	115	63

AMEX Diary		
	Close	Prev.

NASDAQ Indexes

Oral Issues	241	231
New Highs	22	29
New Lows	16	15

NASDAQ Diary	
	Close Prev.
Advanced	1205 1381
Declined	1822 1476
Unchanged	1804 1714
Oral Issues	4833 4853
New Highs	109 133
New Lows	56 34

AMEX Stock Index

Aluminum, lb	0.594	0.601
Antise. Brz., lb	0.70	0.70
Super electrolytic, lb	0.96	0.96
Carbon FGS, ton	213.00	213.00
Cover, lb	0.34	0.34
Cover, tray oz	3.415	3.42
Steel (scrap), ton	136.71	136.33
z, lb	2.7015	2.6822
inc. lb	0.43	0.422

Dow Jones Bond Averages

prices fell across the U.S. Federal Reserve cut interest rates, a sign of growth. "We have to go up," said a trader at Bankhaus.

certainty in the

furt down 1.13 p was off 0.84 percent.

As government year German bund percent, while Fre from 6.39 percent, up from said bond prices b

100

Monday's Prices
NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000
most traded securities in terms of dollar value. It is
updated twice a year.

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Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

12 Month		Low Stock		DOW		NYSE		300		High		Low		Latest		Other	
A																	
1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
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95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
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10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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NEC Hunts for a Cheaper Way of Doing Business

By Paul Blustein
Washington Post Service

TOKYO — Four smiling, bowing women in red uniforms greet visitors at a marble reception desk in the lobby of NEC Corp.'s ultramodern headquarters, the 43-story Super Tower, built in 1990 when Japan's economic power seemed boundless. In the so-called executive zone on the upper floors, visitors are ushered into meeting rooms furnished with gray leather couches and low tables, commanding a view of Tokyo harbor and the environs.

"That's Mount Fuji over there," said a company spokesman, gesturing at the famous volcano 60 miles (100 kilometers) away. "Well, actually, it's enveloped in clouds right now — sort of like the Japanese economy, I suppose."

The view from NEC's executive zone is cloudy indeed. The company anticipated that this year would bring an end to the recession that has cost it hundreds of millions of dollars in losses. But now, amid U.S.-Japanese trade tensions, its woes are

multiplying because of the surge in the value of the yen, which increases the prices of made-in-Japan products such as NEC's personal computers and telephone systems in relation to those produced in other countries.

The yen's rise "has had an incredible impact on the products we export, and it has smothered the government's attempts to rejuvenate the economy," said Yoshihiko Suzuki, an NEC senior vice president. "We have to make more products where labor is cheaper, especially Asian countries. But we have lifetime employment in Japan. So we face very difficult problems."

Already, the company has shifted production of relatively unsophisticated items such as color televisions to such lower-wage countries as Thailand and Malaysia. NEC executives are considering overseas manufacturing of high-tech products, such as liquid crystal display screens, heretofore made only in Japan. Some of that work could go to the United States. But the task

is complicated by Japan's traditional abhorrence of layoffs and reluctance to cut relations with suppliers.

The troubles at NEC, Japan's eighth-largest manufacturing company, with more than \$30 billion in annual sales, mirror those of the nation's industry at large.

Japanese manufacturers still make things better than virtually anyone else. But the strong value of the yen has meant that many of them are either exporting at a loss or straining to remain competitive on international markets.

NEC is renowned for superb product quality and engineering. Its Kagoshima plant in southern Japan, for example, has dazzled the industry with its top-of-the-line color LCD screens used in computers and wall-banging televisions.

Yet analysts warn that to improve competitiveness and fully regain its financial health, the company will have to go much further than it has in reducing its work force and switching its purchases of com-

ponents away from captive suppliers in high-cost Japan.

"NEC has to cut personnel, and it has to change its procurement system, from in-house to more open procurement," said Shigeru Yoshinaka, an analyst at Barclays de Zoete Wedd Securities (Japan) Ltd.

All in good time, retorted Mr. Suzuki, who oversees NEC's restructuring effort. The company, he said, has not announced a target for work force reduction as other Japanese companies have, because of its sensitivity to lifetime employment, but it is using cost-cutting methods similar to theirs. Recruiting, for example, has been reduced from a 1990 peak of 2,000 new employees a year to around 1,200.

Mr. Suzuki said NEC was shifting to cheaper suppliers of products such as computer "motherboards" in Taiwan, China and other low-cost countries.

NEC is better positioned than many Japanese companies to withstand the affliction of the strong yen. It has reduced the percentage of Japanese production that

it exports from about 35 percent in the mid-1980s to less than 20 percent last year.

NEC has built major plants to make computer chips in California, Scotland, Ireland and Singapore, expanding production significantly in recent months to counter competition from South Korea's Samsung Co. and other low-cost Asian chip producers. And NEC is in talks with a Chinese manufacturer about a plan to make computer workstations in Shanghai.

Perhaps the biggest impact of the high yen can be seen in the personal-computer business, which used to make a major contribution to NEC's bottom line but now provides a much smaller stream of profits.

The company gained control over more than half the Japanese PC market during the 1980s, using a proprietary technology, which prevented other companies' software from working on NEC machines. But during the 1990s Microsoft Corp.'s software proved a powerful system for NEC's rivals to rally around.

Investor's Asia				
Hong Kong	Singapore	Tokyo		
Hong Kong	Straits Times	Nikkei 225		
1200	2500	2000		
1000	2000	1500		
800	1500	1000		
600	1000	500		
400	500	0		
200	0	0		
0	0	0		
1993	1993	1993		
Exchange	Index	Monday	Prev.	Change
Hong Kong	Hong Kong	3,667.69	3,122.91	+5.06
Singapore	Straits Times	2,836.30	2,714.02	+3.22
Sydney	ASX Composite	2,140.50	2,168.50	-1.06
Tokyo	Nikkei 225	Closed	20,469.45	
Kuala Lumpur	Composite	854.18	1,007.60	-5.30
Bangkok	SET	1,204.12	1,246.84	-4.43
Seoul	Composite Stock	885.65	893.99	-0.93
Taipei	Weighted Price	5,320.73	5,184.83	+0.50
Manila	Composite	2,598.09	2,657.98	-2.26
Jakarta	Stock Index	498.81	508.88	-1.78
New Zealand	NZSE-40	2,253.24	2,293.16	-1.85
Bhopal	National Index	1,351.59	1,267.05	+1.94

Very briefly:

- Australia could experience one of the strongest economic growth rates outside Asia this year, with annual expansion reaching 5 percent and leading to an interest-rate rise in late 1994, Westpac Banking Corp. said.
- Bank of China Group will issue Hong Kong dollar banknotes in May, more than three years before the colony's scheduled return to Chinese sovereignty, China News Service said, quoting Xu Wenchuan, assistant general manager of the bank's Hong Kong branch.
- Playmates Toys Holdings Ltd. said 1993 profit crept upward to 349.8 million Hong Kong dollars (\$45 million) from 348.5 million dollars in 1992. The maker of Teenage Mutant Ninja Turtle toys said 1992 profit had been restated to reflect the split of its real estate unit from its toy-manufacturing operations.
- China and Israel agreed to set up a \$13 million joint venture to repair aircraft, the China Daily said. The venture, Beijing TIRA Aircraft Components Services, is due to start operating in October, the official newspaper said.

Seeking Cash, TI Signs Taiwan Pact

TAIPEI — An alliance between Texas Instruments Inc. and the Taiwan government may help the U.S. semiconductor maker fund a \$400 million expansion at a joint-venture memory chip plant, an official with the venture said Monday. Jerry Jenkins, chairman of Texas Instruments, signed a letter of intent in Taipei on Monday to form an alliance with the Ministry of Economic Affairs. The agreement may indirectly help Texas Instruments persuade the state-run China Tung Bank to invest in the venture, called TI-Acer Inc., said R. T. Lo, a vice president of the venture. "That's the indirect impact of the agreement," he said. TI-Acer, which is 58 percent owned by the Taiwan personal computer maker Acer Inc. and 26 percent by Texas Instruments, wants to finalize plans before July to raise funds for the expansion.

CITIC Pacific Plans To Add More Assets

Compiled by Our Staff From Dispatches
HONG KONG — CITIC Pacific Ltd. said Monday it would expand the acquisition program that helped boost its net income by 82 percent in 1993.

The company, which has investments in the aviation, telecommunications, motor vehicle, financial services, power and real estate industries, said its net profit last year rose to 1.89 billion Hong Kong dollars (\$245 million), or 1.18 dollars a share, from 1.04 billion dollars, or 87.4 cents a share, in 1992.

CITIC Pacific is owned about 42 percent by Hong Kong Kong, the local arm of the state-controlled China International Trust & Investment Corp.

The company plans a final dividend of 22 cents a share, compared with 22 cents a year earlier, raising its payout for the year to 38 cents a share from 30.2 cents.

Sales rose 38 percent, to 11.54 billion dollars from 8.39 billion.

Much of the increase was due to the company's purchase of a 12 percent stake in Hong Kong Telecommunications Ltd., the territory's monopoly supplier of fixed-line phone services.

Chairman Larry Yung said the company expected an "excellent year" in 1994, with increased earnings and dividends. "Your company has now become a diversified group with interests in various important sectors of Hong Kong and the mainland," he said. "This trend will continue and the company intends to seek further expansion opportunities with a view to increase asset and earnings base."

He also indirectly expressed confidence that Hong Kong's controversial new airport, the cost of which China has criticized, would be completed. Mr. Yung noted that CITIC Pacific had purchased a 50 percent stake in the Discovery Bay housing development on Lantau Island this month. The airport is near Discovery Bay, and a container port also is expected to be built on Lantau.

"The acquisition will provide your company with a strategic foothold to participate in the future development of Lantau Island," Mr. Yung said.

CITIC has stakes in some of Hong Kong's key companies. It controls 12.5 percent of Cathay Pacific Airways, 46 percent of the regional airline Dragonair and 20 percent of Chase Manhattan Corp.'s Hong Kong-based credit card concern, Manhattan Card Co. (Bloomberg, Knight-Ridder, Reuters)

Hanoi — Market by '95? World Bank Aide Says Its Time Is Near

Bloomberg Business News

HANOI — Vietnam, a Communist state that only recently has been able to trade with the West, could have a securities market by next year, according to a World Bank representative.

"We believe it is possible to have a market with limited operations for debt instruments by September 1995," E. Gayle McGuigan of the Washington-based International Finance Corp. said.

The finance agency, part of the World Bank, received a mandate to help the State Bank of Vietnam, the country's central bank, create a securities market. International Finance Corp. has a portfolio of about \$10 billion and is the largest provider of financing to developing countries.

Immediate plans for Vietnam's exchanges are modest and the hurdles many. Mr. McGuigan said a securities market would at first provide a way of raising money through debt instruments such as negotiable certificates of deposit and eventually company bonds guaranteed by banks, with slowly lengthening maturities.

The finance agency estimated it would cost more than \$1 million to actually form a market, of which \$400,000 has been raised from a variety of aid organizations. The money will primarily be for training the professionals who will run the market.

"We have tried to provide documents that allow the Vietnamese to understand all the issues and complexities of establishing a securities market," Mr. McGuigan said. He said his agency would try to help Hanoi draft legislation that could be easily understood by traders and investors.

Malaysia Says Japan Balks in Car Project

Agence France-Press

KUALA LUMPUR — Prime Minister Mahathir Mohamad asserted Monday that Mitsubishi Motors Corp. was too slow in transferring technology for Malaysia's national car and said he might turn elsewhere for help.

"They have this Japanese philosophy of doing things step by step and to us this is too slow," Mr. Mahathir said.

Perusahaan Otomobil Nasional Bhd., the nine-year-old venture that makes Malaysia's Proton car, is 17 percent owned by Mitsubishi Motors and Mitsubishi Corp.

Heavy Industries Corp. of Malaysia is the major shareholder in the publicly traded company.

Mr. Mahathir said Mitsubishi was reluctant to allow Malaysians to produce the engine and transmission parts by themselves and said Kuala Lumpur could turn to European, American and other Japanese companies if Mitsubishi continued to drag its feet.

The Proton commands 73 percent share of the passenger-car market in Malaysia. About 20 percent of the 150,000 Proton cars produced yearly are exported to Britain.

Hongkong Land Fails to Capitalize

Compiled by Our Staff From Dispatches

HONG KONG — Hongkong Land Holdings Ltd., which owns most of the colony's top office and retail buildings, reported Monday a slight increase in net profit for 1993 despite a local property boom.

Net profit for 1993 edged up to \$306.5 million from \$305 million a year earlier, with a \$21.2 million loss from its 25 percent stake in British-based Trafalgar House

PLC, denting earnings growth. Trafalgar, the construction, engineering, hotel and shipping company, took a large writedown against assets late last year.

Hongkong Land, the real estate arm of Jardine Matheson Holdings Ltd., also made a one-time profit of \$213.2 million on the sale of a new office tower in the central business district. Rental income actually fell slightly because of the sale of the building, edging down to \$385.1 million from \$390.2 in 1992, said Simon Keswick, the chairman of Hongkong Land.

But Mr. Keswick said he expected rental income to rise in 1994 because of increases on renewed leases and more expensive new leases. The company's property was 99.6 percent occupied at the end of 1993 and rents have been pushed up sharply because many businesses are positioning themselves in Hong Kong to establish links with China.

"The Hong Kong commercial property market remains strong, and the group's rental income will begin to grow once again in 1994," Mr. Keswick said.

Analysts said they expected Hongkong Land's net profit would increase 18 percent in 1994 and 1995 as it takes advantage of the real estate boom.

(Bloomberg, Reuters, AFP)

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Dairy Farm Highlights 1993

A Year of Expansion

- Profit after taxation + 11%
- Earnings per ordinary share + 4%
- Dividends per ordinary share + 5%

After a further year of investment in Asia, Australasia and Europe, the Group, including associates, now has:

- Sales of US\$9.6 billion
- 2,440 retail outlets
- 80,000 employees

"With its extensive experience in discount food retailing, the Company is well placed to retain its leadership in the markets which it serves. In 1994, Dairy Farm's focus will be on the development of its existing businesses and the search for expansion opportunities into new markets, particularly in the Asia-Pacific Region."

Simon Keswick, Chairman
17th March 1994

1993 RESULTS			
		Year ended 31st December	
		1993	1992
		US\$m	US\$m
Turnover		4,979.6	4,738.7
Operating profit		162.3	155.3
Share of profit of associates		98.5	84.2
Other operating income		10.0	6.6
Profit before interest		270.8	246.1
Net interest expense		(18.5)	(26.3)
Profit before taxation		252.3	219.8
Taxation		(29.3)	(19.8)
— Company and subsidiaries		(25.2)	(22.2)
— associates		(4.1)	(7.6)
Profit after taxation		197.8	177.7
Minority interests		(0.3)	0.1
Profit after taxation and minority interests		197.5	177.8
Extraordinary items		—	126.9
Profit attributable to Shareholders		197.5	304.7
Preference dividends		(8.7)	—
Profit attributable to ordinary Shareholders		188.8	304.7
Ordinary dividends		(95.5)	(89.2)
Retained profit for the year		93.3	215.5
Shareholders' funds		1,001.1	726.3
		US\$	US\$
Earnings per ordinary share		11.28	10.81
Dividends per ordinary share		5.85	5.38

Dairy Farm International Holdings Limited
Incorporated in Bermuda with limited liability

A member of the Jardine Matheson Group

The final dividend of US\$4.10 per ordinary share will be payable on 8th June 1994, subject to approval at the Annual General Meeting to be held on 31st May 1994, to ordinary Shareholders at the close of business on 17th to 18th April 1994 inclusive. The ordinary dividend will be available in United States Dollars, Australian Dollars, Hong Kong Dollars and Sterling. Ordinary Shareholders on the Jersey branch register will receive United States Dollars while ordinary Shareholders on the Hong Kong branch register will receive Hong Kong Dollars, unless they elect for one of the alternative currencies by notifying the Company's registrars or transfer agents by 20th May 1994. Ordinary Shareholders whose shares are held through the Central Depository System in Singapore (CDP) will receive Hong Kong Dollars, unless they elect through CDP to receive United States Dollars.

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SPORTS

Grand Jury Indicts 3
In Attack on Kerrigan

Compiled by Our Staff From Dispatches
PORTLAND, Oregon — The three men who have admitted carrying out the attack on the figure skater Nancy Kerrigan were indicted Monday on racketeering and other charges by a grand jury that has been investigating the case for more than two months.

The indictment contends that Tonya Harding and her former husband, Jeff Gillooly, who have pleaded guilty in plea bargains, also were involved in the plot to injure Kerrigan and knock her out of the U.S. figure skating championships in January.

Shawn Eckardt, 26, Harding's former bodyguard, and Eckardt's associates Shane Stant, 22, and Derrick Smith, 29, were indicted on Oregon state charges including racketeering, assault and conspiracy to commit assault.

Eckardt faced additional charges of conspiracy to hinder prosecution and hindering prosecution. Smith also was charged with conspiracy to hinder prosecution.

One of the charges stems from at least one secretly taped meeting involving those who participated in the conspiracy.

Norm Frink, Multnomah County chief deputy district attorney, indicated that the three may be able to reach a plea agreement to avoid a trial.

"The defense and the state will

be talking and we'll proceed from there," he said.

Among the charges in the indictment is that Harding and Gillooly, who cannot face further prosecution because of their plea bargains, agreed with the three defendants on Dec. 28 "to unlawfully, intentionally and knowingly cause physical injury to Nancy Kerrigan."

Harding pleaded guilty last week to conspiracy to hinder prosecution. Gillooly pleaded guilty Feb. 1 to one count of racketeering.

Harding was placed on three years' probation, resigned from the U.S. Figure Skating Association, was fined \$100,000, will contribute \$50,000 to the Special Olympics and agreed to pay \$10,000 in prosecution costs. Gillooly is to be sentenced April 1.

The indictment issued Monday outlines 61 incidents, mainly phone calls among the defendants, that allegedly constituted "a pattern of racketeering activity."

Eckardt and Smith were arrested Jan. 13. Stant surrendered to authorities in Arizona the following day. All three initially were charged with conspiracy to commit assault and were free on bail pending the indictment.

Eckardt, a friend of Gillooly's since childhood, has admitted helping to plan the attack and contacting Smith to carry it out.

Stant is Smith's nephew and

shares his uncle's interest in paramilitary activity. Stant went to Massachusetts to carry out the attack, but when that plan fell through he followed Kerrigan to Detroit, where she was preparing for the national championships.

On Jan. 6, Stant struck Kerrigan above the right knee with a metal police baton, then escaped the scene by bursting his head through the plexiglass window of a locked door. With Kerrigan out of the competition because of injury, Harding won the U.S. championship.

Smith was the intermediary who funneled money from Gillooly and Eckardt to Stant and drove the getaway car.

Kerrigan recovered from the injury and went on to win the silver medal in the Winter Olympics last month in Lillehammer, Norway. Harding finished eighth.

(A.P. Reuters)

Harding in Paris Event?
Harding may make her debut on the professional skating circuit at the world championships in Paris in May, according to the event's organizer, Agence France-Presse reported on Monday.

The event official, Philippe Angel, said that Harding's agent had contacted him to discuss her participation in the championships May 17-18. Angel said he would consider the matter.



ONE MORE FOR THE GREAT ONE — Los Angeles' triumphant Wayne Gretzky, who tied one of hockey's mightiest records, scoring twice in a 6-6 tie with San Jose to equal Gordie Howe's National Hockey League mark of 801 career goals. Gretzky is to play again Wednesday.

New Unrest Feared
As Vandals Protest
Berlin Soccer Game

BERLIN — Berlin soccer officials, whose headquarters were attacked on Monday, said they feared that a battle between hooligans from four European countries could mar a controversial Germany-England friendly match next month.

Militant opponents of the match, which is to be held on April 20, the anniversary of Hitler's birthday, smashed windows and threw stink bombs into the Berlin soccer federation's office during the night.

The federation's chief, Reiner Gentz, said the attack had probably come from leftist groups campaigning against the match. But he said he feared a battle between hooligans from England, Germany, France and the Netherlands at the game.

"The damage is in thousands of marks," he said. "We have to assume that the attack came from left-wing groups but the police are looking into it."

"Security officials have indicated to us that hooligans from around Europe — England, France and the Dutch — are planning to meet in Berlin and take on the right-wing extremists around the game," he added.

The match was originally moved to Berlin from Hamburg because of fears of clashes between rightist and leftist extremists.

But the choice of Berlin's Olympic stadium, the venue of the 1936 Olympic Games, which were used by Hitler as a showcase for his Nazi theories, was controversial and has been opposed by leftist groups.

A slogan painted on a wall at the stadium, which is known by the initials DFB, read: "No game on April 20. We are against the DFB and Nazis."

Gentz said leftist groups planned a demonstration against the match in Berlin on April 9.

But he said there was no question of the game being cancelled or the date being changed.

"We are going on with it. We are planning the necessary security measures," he said. "Switching the date would not change anything and would be a climb down for democracy. The right-wingers would come anyway."

Federation officials were not available for comment but have said in the past that they were determined that the match go ahead as part of the world champions' preparations for the World Cup this summer in the United States.

Berlin's militant leftist groups are well-organized and mounted an aggressive campaign against the city's recent failed bid for the 2000 Olympics. They say the friendly match would provide a platform for fascism.

SIDELINES

Chisox Demote Jordan to Minors

SARASOTA, Florida (AP) — Michael Jordan was reassigned to the Chicago White Sox minor-league camp on Monday and was expected to start in right field for Class A Prince William.

But Jordan was not assigned to the Class A team; he will work out with the Double A Birmingham team. The White Sox general manager, Ron Schuler, said Jordan could play for Triple A Nashville on Wednesday, and may switch each day, Jordan, 31, the three-time National Basketball Association MVP, was 3-for-20 in 13 spring games with four walks, two RBIs and a sacrifice fly.

"I've always truly loved the game of baseball," Jordan said of the demotion. "I guess in basketball, I had certain expectations that I had to live up to. In baseball, I didn't know what expectations to set for myself except to enjoy the game."

Ex-Bordeaux Owner Gets Jail Term

BORDEAUX (AP) — Claude Bez, former owner of the Bordeaux soccer team, was sentenced Monday to one year in jail and fined 2 million francs (\$400,000) for fraud.

Bez, whose team dominated the French league for much of the 1980s, also was ordered to pay 2.5 million francs in damages and interest to the governing council of Girondes, the district surrounding Bordeaux. Bez was accused of fraudulently overbidding local authorities by more than 10 million francs for the 1987 renovation of facilities at his team's training center outside Bordeaux. Defense lawyers indicated they had not yet decided whether to appeal.

For the Record

Michael Bentt, who suffered brain injuries in a heavyweight title fight on Saturday, was released from a London hospital Monday and an associate said he was "feeling fine."

Martin Brundie of Britain was confirmed on Monday as the McLaren Formula One teammate to Finland's Mika Hakkinen for the Brazilian Grand Prix in São Paulo on Sunday. Brundie, 34, was added to the team along with Philippe Alliot of France.

Lorena Roberts, capitalizing on faltering stretch runs by Fuzzy Zoeller and Vijay Singh, shot a 5-under-par 67 to win the Nestle Invitational, his first victory on the U.S. PGA Tour, by a stroke with a 13-under 275 total in Orlando, Florida, on Sunday.

The left-hander Frank Tanana, 40, was released Sunday by the California Angels, the same major-league baseball team with which he started 20 years ago as a rookie.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE			
Team	W	L	Pct
New York	45	19	.703
Orlando	39	25	.609
Atlanta	37	27	.576
New Jersey	33	31	.516
Boston	32	32	.500
Philadelphia	21	44	.323
Washington	19	46	.292

WESTERN CONFERENCE

Midwest Division

Team	W	L	Pct
San Antonio	41	17	.706
Utah	40	18	.690
Denver	32	26	.554
Minnesota	18	47	.277
Dallas	8	57	.123

Pacific Division

Team	W	L	Pct
Seattle	42	17	.714
Portland	39	20	.661
Golden State	37	22	.625
L.A. Lakers	36	23	.611
L.A. Clippers	21	38	.354
Sacramento	22	42	.344

NHL Standings

EASTERN CONFERENCE

Team	W	L	T	Pts
New York Rangers	41	22	6	88
New Jersey Devils	41	21	10	92
Washington Capitals	33	21	8	74
Philadelphia Flyers	31	29	11	73
Pittsburgh Penguins	31	34	7	69
N.Y. Islanders	30	35	9	69
Tampa Bay	26	30	10	62

WESTERN CONFERENCE

Team	W	L	T	Pts
Los Angeles Kings	38	22	10	86
Edmonton Oilers	37	23	12	86
Calgary Flames	37	23	12	86
San Jose Sharks	36	24	12	84
Colorado Avalanche	34	27	9	77
St. Louis Blues	34	27	9	77
Phoenix Coyotes	34	27	9	77

HOCKEY

NHL Standings

EASTERN CONFERENCE			
Team	W	L	T
New York Rangers	41	22	6
New Jersey Devils	41	21	10
Washington Capitals	33	21	8
Philadelphia Flyers	31	29	11
Pittsburgh Penguins	31	34	7
N.Y. Islanders	30	35	9
Tampa Bay	26	30	10

WESTERN CONFERENCE

Team	W	L	T
Los Angeles Kings	38	22	10
Edmonton Oilers	37	23	12
Calgary Flames	37	23	12
San Jose Sharks	36	24	12
Colorado Avalanche	34	27	9
St. Louis Blues	34	27	9
Phoenix Coyotes	34	27	9

SOCCER

Major League Scores

Team	Score
New York Mets	6-0
Los Angeles Dodgers	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0

BASEBALL

Major League Scores

Team	Score
New York Mets	6-0
Los Angeles Dodgers	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0

BASEBALL

Major League Scores

Team	Score
New York Mets	6-0
Los Angeles Dodgers	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
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San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0

SOCCER

Major League Scores

Team	Score
New York Mets	6-0
Los Angeles Dodgers	6-0
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San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
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San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
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Seattle Mariners	6-0

BASEBALL

Major League Scores

Team	Score
New York Mets	6-0
Los Angeles Dodgers	6-0
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San Diego Padres	6-0
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San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0

BASEBALL

Major League Scores

Team	Score
New York Mets	6-0
Los Angeles Dodgers	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0

SKIING

World Cup

Team	Score
New York Mets	6-0
Los Angeles Dodgers	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0

BASEBALL

Major League Scores

Team	Score
New York Mets	6-0
Los Angeles Dodgers	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0

BASEBALL

Major League Scores

Team	Score
New York Mets	6-0
Los Angeles Dodgers	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0

GOLF

Major League Scores

Team	Score
New York Mets	6-0
Los Angeles Dodgers	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0

BASEBALL

Major League Scores

Team	Score
New York Mets	6-0
Los Angeles Dodgers	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0
San Francisco Giants	6-0
San Diego Padres	6-0
Atlanta Braves	6-0
Chicago White Sox	6-0
Philadelphia Phillies	6-0
St. Louis Cardinals	6-0
Los Angeles Angels	6-0
Seattle Mariners	6-0

BASEBALL

Major League Scores

CRICKET	
FIRST TEST	
India vs. New Zealand, Third Day	
Monday, in Hamilton, New Zealand	
India 1st Innings: 246 all out	
New Zealand 2d Innings: 39	
SECOND TEST	
Australia vs. South Africa, Fifth Day	
Monday, in Cape Town	
South Africa 2d Innings: 146 (19.3 overs)	
Australia 2d Innings: 92-1 (25.1 overs)	
Australia won by nine wickets; series tied 1-1	
THIRD TEST	
England vs. West Indies, Fourth Day	
Sunday, in Georgetown, Guyana	
England 2d Innings: 119-4	

SPORTS

Arkansas Rallies Past Georgetown, Duke Stops Michigan St.

Louisville Finishes Off Minnesota

By William C. Rhoden

New York Times Service

OKLAHOMA CITY — Arkansas avoided being added to the rash of National Collegiate Athletic Association upsets in the Midwest Regional.

The Razorbacks trailed early, survived a first-half brawl then put the clamps on Georgetown and cruised to a 85-73 victory in a second-round game.

The Hoyas made just 10 of 30 shots in the second half while Arkansas made 15 of 22 and ripped Georgetown apart with an inside attack led by Corliss Williams. Dwight Stewart and Darnell Robinson. Williams scored 21 points. Stewart 16 and Robinson 13.

The top-seeded Razorbacks will face No. 12 Tulsa next in Dallas. The Golden Hurricanes shot their way into the Sweet 16 with an 82-80 victory over fourth-seeded Oklahoma State.

Nolan Richardson, the Arkansas head coach, made his mark at Tulsa before going to Arkansas.

The Arkansas-Georgetown game had been heralded as a clash of matching styles and hard-nosed players, with two coaches who had never faced off before but were good friends: John Thompson of Georgetown and Richardson.

"I think the world of John,"

Richardson said before Sunday afternoon's game. "I love John. I think John's one of the greatest men I've ever met in my life."

In the last five months, the two coaches have been outspoken advocates of issues advanced by the Black Coaches Association. Before the game, both men hinted that they might be some type of symbolic protest to show opposition to a wide-ranging menu of National Collegiate Athletic Association legislation.

Instead of a protest, the players staged a turf war, and whatever affection the coaches had for each other was not transferred to the players.

With 3 minutes 23 seconds left in the first half of a hard-fought, fast-paced battle, Arkansas took a 34-33 lead on a 3-point shot by Al Dillard. But after a Georgetown miss and ensuing battle for the loose ball, Robert Churchwell tied up Clint McDaniel and the two tumbled to the court.

McDaniel shot an elbow at Churchwell's head and then threw a kick as he got up.

As the two squared off, order was quickly restored. But two players — Don Reid from Georgetown and Scotty Thurston for Arkansas — were ejected for leaving the bench.

As for the play, Churchwell was called for a foul and McDaniel was hit with a technical. Arkansas went into halftime leading by 43-39.

The break did little to stem the flow of aggression or to slow the pace.

The Hoyas tied Arkansas, 43-43, on baskets by Butler and Othella Harrington. But then Arkansas, which had threatened several times to go on a tear, outscored Georgetown by 14-7 and led, 57-50, after a tough inside hoop by Corliss Williams.

The Hoyas blundered away two possessions on turnovers, and Corey Beck scored for Arkansas to stretch the lead to 59-50.

Williams made the score 61-50 with a jumper. Joey Brown kept Georgetown in contention with a layup, but then Arkansas took off. The Razorbacks outscored the Hoyas, 13-4, and led by 73-56 after a pair of foul shots by Beck. He later added another free throw and Arkansas led, 74-58, with 6:56 left.

But just as it seemed that Georgetown would be run off the

court, the Hoyas made one last run. Harrington made 3 straight foul shots and George Butler made a basket to cut the lead to 76-65 with 4:58 left. Williams powered in a basket for Arkansas, but John Jacques put a jumper and Georgetown forced a turnover with 3:40 left to play.

The Hoyas failed to score on that possession, and Williamson added a basket to boost the Arkansas lead to 80-67 with 2:43 left.

With 1:48 left in the game, the lead had been cut to 80-71 after three trips to the free-throw line gained 4 points for Georgetown.

But Arkansas then scored five unanswered points to secure the victory.

In other games, *The Associated Press* reported:

SOUTHEAST

Duke 85, Mississippi State 74: Duke reached the round of 16 behind All-American Grant Hill's 25 points, advancing to the regional semifinals for the eighth time in the last nine years.

Cherokee Parks added 24 points for Duke, which shut out high-scoring Shawn Respert until early in the second half. Respert used a late flurry to finish with 22.

"Maybe this isn't the Duke of past years," Michigan State coach Jud Heathcote said. "It is a really good Duke team with a great, great player."

Respert, averaging nearly 25 points, was held scoreless on just one shot in the first half and forced into six turnovers. His first basket came with 16:49 left and cut the Spartans' deficit to four points, the closest they would come the rest of the way.

WEST

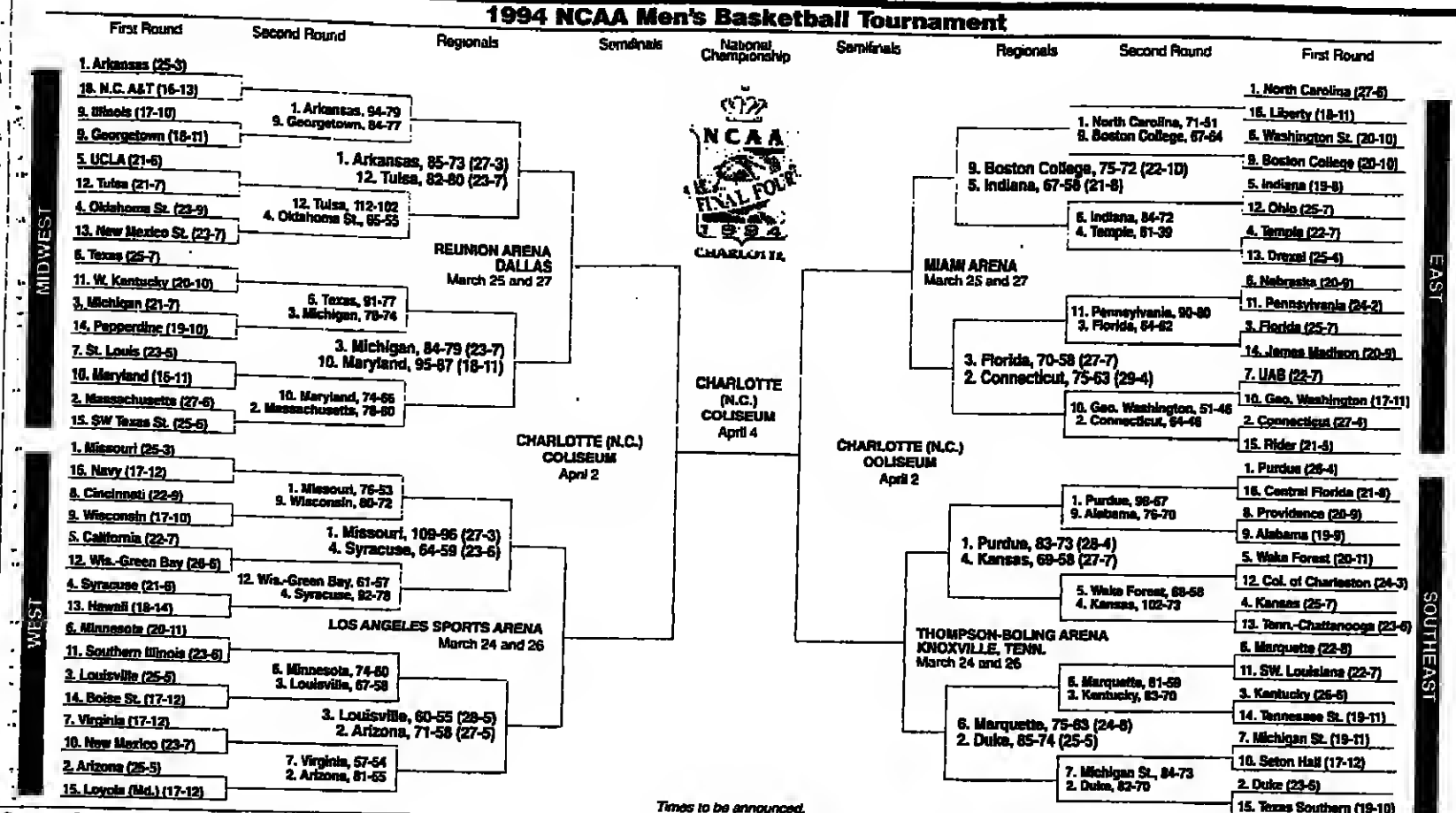
Louisville 60, Minnesota 55: Dwayne Morton scored 26 points and Louisville won a battle of 3-pointers to finish off Minnesota.

The teams combined for 19 long-range baskets, with Morton nailing five of them. He also scored five straight points that put the Cardinals ahead to stay with 1:20 left.

Morton tied an NCAA regional record by shooting a perfect 5-for-5 from 3-point range.

Morton finished 7-for-7 from the field and did not miss any shot until a free throw in the closing seconds.

Voshon Leonard led sixth-seeded Minnesota (21-12) with 20 points, including four 3-pointers.



The Making of BC's Legend Is the Unmaking of Another

By Tony Kornheiser
Washington Post Service

WASHINGTON — You'll remember that Boston College had a shot at the No. 1 team in the nation back in November, too. That was football, of course. And the No. 1 team was Notre Dame, as legendary a name as there is in college football. BC won that game — won it close and won it late. Stunned the whole country.

"As you might imagine, BC has a tape of that game. Sunday morning it was shown to another BC team that was preparing to play the No. 1 team in the nation — in this case, North Carolina, as legendary a name as there is in college basketball.

Showing the tape was Larry O'Brien's idea. He's one of the BC managers, and he cleared it with Jim O'Brien, the coach. About an hour before the team was to board a bus for the arena, O'Brien played the tape for the team. "Condon't hurt, right?" They watched in total silence," O'Brien said. "The only thing I could hear in the room was them breathing. I knew it was getting to them emotionally, but I didn't tell you how much."

A few hours later, the BC basketball team won the game — won it close and won it late. Stunned the whole country. Who holds Donald Williams to 1-for-22? Who starts out hitting it as an on my you-ling it inside BC's center, Billy Curley, had 10 of BC's last 11 points against Eric Montross. Rasheed Wallace and Kevin Salvadori? Who gives El Deano the bum's rush in the round of 32? A ninth seed? Pub-leeze. You'll remember that Tom Coughlin parlayed his victory into a job with the NFL Jacksonville Jaguars.

Laughing, O'Brien cut off the obvious question at its knees. "I'm just happy I have a job at BC, believe me," he said.

Three years ago O'Brien almost didn't have that job. That was when the core of this team — Curley, Gerrod Arian, Howard Easley and Malcolm Hukaby — were freshmen. They were 1-15 in the Big East. You could hear people muttering for O'Brien's head all the way to Brooklyn. It was a terrible year for O'Brien. His wife, Christine, died of cancer, leaving behind Jim and their two teenage daughters. As cheerful a man as O'Brien normally is, there were no smiles that year.

Fortunately, as it turns out, he stayed at BC, his alma mater, and steadily built the team around those



Georgetown's Robert Churchwell grabbed Arkansas's Clint McDaniel, prompting a first-half brawl.

Parish and Slumping Celtics Fall Flat Against Surging Hawks

The Associated Press

Although he was analyzing the latest embarrassment of the Celtics, the words of Robert Parish described Boston's lost season.

"It was a fairly small effort we made," Parish said Sunday after the Celtics were assured of their first losing record in 15 seasons.

Parish, a fixture through the glorious reign of Larry Bird, is at the low ebb of his 18-year career. He failed to score in Boston's 101-80 loss to the Atlanta Hawks.

It was the second straight time he was scoreless in Boston Garden.

"Atlanta is one of the top teams in the league and you'd think we'd come out with fire," said Parish, 40. "But we were flat and lethargic."

Kevin Willis wasn't, nor was he alone. Willis had 31 points and 14 rebounds while leading the Hawks to their 10th victory in 13 games.

Kemp had 15 points, 11 re-

bounds and a career-best 12 assists. Kendall Gill, booed by the fans, had 22 points against his former team. Sam Perkins added 20 points, making four of six 3-pointers.

Bucks 103, 76ers 101: Rookie Vin Baker's slam dunk with 12 seconds remaining completed a late rally, and Milwaukee mapped a six-game losing streak.

Blue Edwards had 23 points and Eric Murdock 18 for the Bucks, who trailed most of the way. Clarence Weatherspoon had 25 points and Orlando Woolridge 22 for the visiting 76ers.

Bulls 90, Timberwolves 80: In Minneapolis, Chicago got 18 points from Horace Grant and overcame poor early shooting to maintain a perfect record against Minnesota.

The Bulls — winning their fifth straight game while increasing their record against Minnesota to 10-0 since the Timberwolves entered the NBA — made just two of their first nine shots to fall behind 14-8.

Nuggets 132, Bulls 99: Denver set a season high for points and margin of victory, despite a career-high 39 points by Washington's Rex Chapman.

Washington, on a five-game road trip, led briefly 12-7, but despite a

16-point effort by Chapman, trailed 26-23 after the first quarter. The Nuggets stretched the lead to 104-75 after three quarters. Mahmoud Abdul-Rauf led Denver with 23 points.

Clippers 114, Trail Blazers 110: Dominique Wilkins scored 26 points and Los Angeles capitalized on foul trouble by Clyde Drexler and Harvey Grant down the stretch.

Elmore Spencer added 24 points and Ron Harper had 22 for the Clippers, who dealt the Trail Blazers their fifth consecutive road loss. At home, the Trail Blazers have won 10 straight.

Grant led the Blazers with 28 points, one short of his season high. Lakers 97, Magic 91: Sedale Threatt scored 30 points and Los Angeles withstood a late rally by visiting Orlando.

Threatt hit his last basket with 49 seconds to play, halting a six-point Magic spur and giving the Lakers a 93-89 lead.

Vlade Divac, who was 1-for-9 from the floor, hit a pair of free throws with 20.5 seconds remaining to give Los Angeles its second victory over the Magic this season.

Shaquille O'Neal had 17 of his 29 points in the second half and added 16 rebounds.

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